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THE BIRTH AND EARLY DAYS OF HONGKONG*

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Palmerston, in April, 1841, hearing of Captain Elliot's restoration of Chusan to the Chinese in return for the cession of Hongkong to Great Britain, relieved him of his post, scathingly remarking that he (Elliot) had "obtained the cession of Hongkong, a barren island with hardly a house upon it . . . It seems obvious that Hongkong will not be a mart of trade any more than Macao is so." In his dismissal of Elliot, Palmerston had the full support of a deputation of the East India and China Associations, led by Mr. W. Jardine, who was convinced that Hongkong was no place from which to trade with Canton and China.

Palmerston was right in describing Hongkong as "a barren island." It was then rather like Lantao is today, almost entirely grass covered, as the fine contemporary line drawings of Collinson show. When Elliot took it over on 26th January, 1841, it was virtually unoccupied. There were a few villages and hamlets, such as Stanley, Aberdeen and Shau Ki Wan nestling in westward facing bays, the haunts of fishermen or pirates as circumstances dictated. As can be seen on the accompanying map (Map 4) only a very small area of the island was cultivated even in 1845 and the only farming village of any size was Heong Hong (Little Hongkong). The northern coast of the island, where Victoria now stands, was without habitation save for a small settlement at Wong Nei Chung, near East Point. The entire population probably numbered less than 2,500 (see appendix).

Although Hongkong has long been known to seafarers, British sailors in particular, on account of the good water easily obtained from the waterfall near Aberdeen, it was the safe anchorage afforded between the island and the mainland, which first attracted attention during the difficult and unhappy Sino-British relations from 1834 to 1841.¹

But Palmerston and his advisers were wrong. In spite of epidemics and fevers, of storm and typhoon, of commercial crises and of human blunders of many kinds, in spite of even the initial hostility of the merchants themselves,

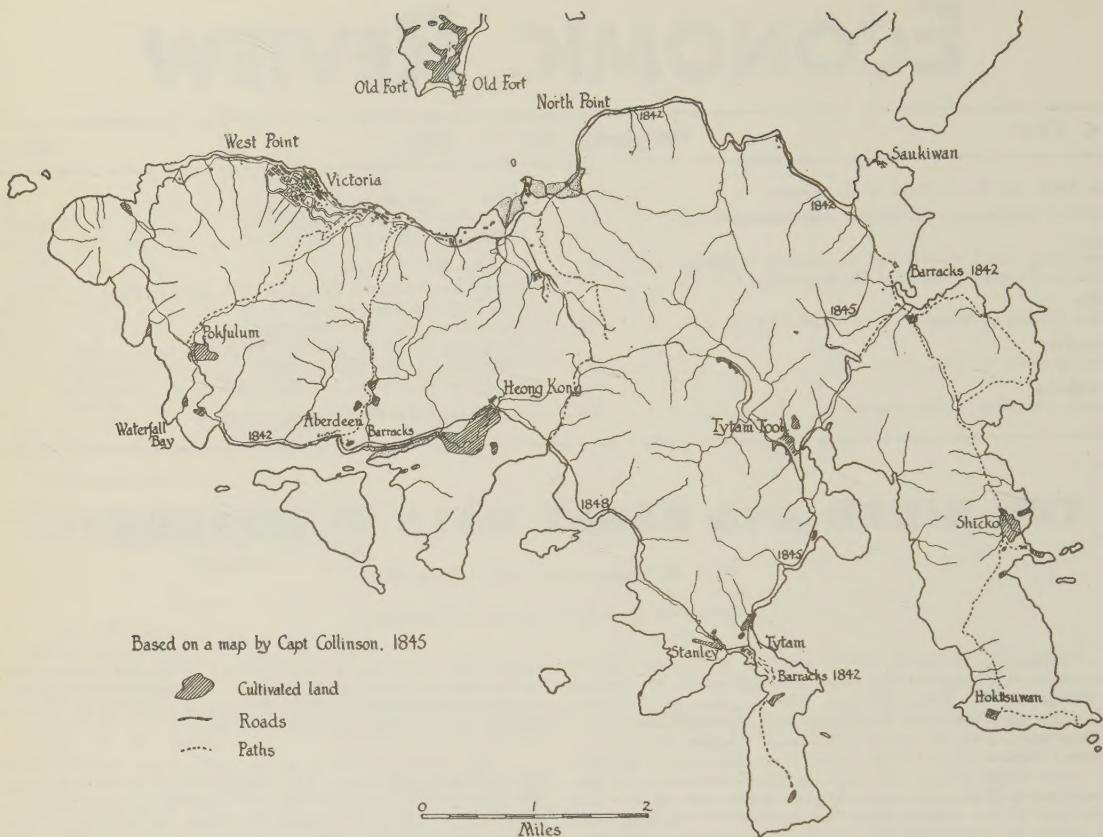
Hongkong, from the moment of its birth, has grown with astonishing rapidity and sturdiness. This growth and strength are due, in very large measure, to natural advantages, which so many early traders were unable to see.

The nature and scope of development are seen clearly in the accompanying maps. The possession and occupation of the island in the first instance was, of necessity, largely military in nature, especially as the hostile mainland was so near at hand. Until dismantled, there two Chinese forts on the tip of Kowloon peninsula. Three batteries (Murray, Royal and Wellington) were quickly established on the north coast. Barracks were built, not only in and around Victoria itself, but at strategic places at Sai Wan, Aberdeen and Stanley, thus unleashing a frenzy of road building in those early years. In 1841 only Chinese paths and tracks existed. Many of these were turned into cart roads long before the decade was out. Dates of construction, showing the speed of development, have been placed against some of the roads.

The development of the residential and commercial centre of Victoria was, to a large extent, dictated by the topography of the north side of the island. For the most part the hills ran steeply down to the shore with little or no coastal flat. This, of course, had the advantage of deep water close inshore but made building correspondingly difficult. Main development was concentrated between the Post Office Landing place and Possession Point in the re-entrant that lies between Victoria Peak and Mount-Gough (Map 5). The problem of overcrowding dates almost from cession. In the region where the hills recede and there is some flatter land i.e. east and west of East Point, at Causeway Bay and near Morrison Hill, the coast was sandy, shallower and backed by the swamp of Happy Valley (drained in 1845).

Urban development proceeded all along the coast from East Point to West Point but was most intensive and rapid

*This is the second article in the copyrighted series of "The Development of Hongkong", the first of which was published in the July 10th issue.



(4) HONGKONG ISLAND IN 1845 WITH EARLY ROAD DEVELOPMENT

between Ice House and Possession Point. Thus the site most favoured was on the steeper slopes, having deeper inshore water. Jardines developed from the start at East Point.

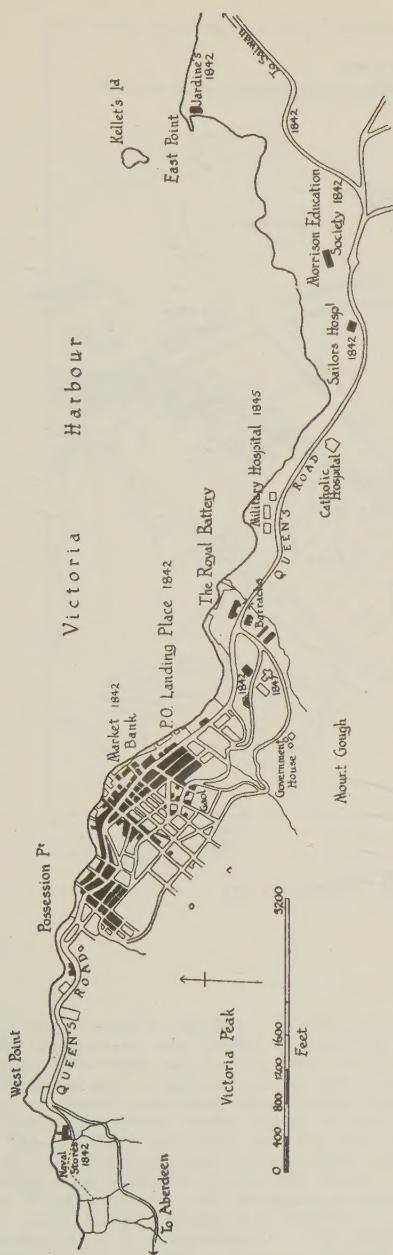
Immediately on the cession of Hongkong to Great Britain, many merchants had made purchases of land from the natives but these sales had no legality. In order to meet the situation, Elliot hurriedly held a sale of "100 lots of land having water frontage . . . as also of 100 town or suburban lots".² The attempt was hurried and ill-prepared, its legality later disputed³ and much ill-feeling and confusion resulted. There followed a good deal of indiscriminate growth, creating tension as civil, military and naval claims conflicted. In March, 1842, Sir Henry Pottinger appointed a committee with town-planning powers to meet this situation. In 1844 there was a second sale of land of 101 lots, averaging 105 feet square on leases of 75 years. This was followed by a third sale in 1847 which "included the lots in the valley where Ice House is situated." (Map 8).

Early in 1842 Queen's Road, was pegged out and completed from West Point to East Point and in the same year continued to Shau Ki Wan. A glance at the map (Map 7) will show why Causeway Bay is so called. For a good deal of

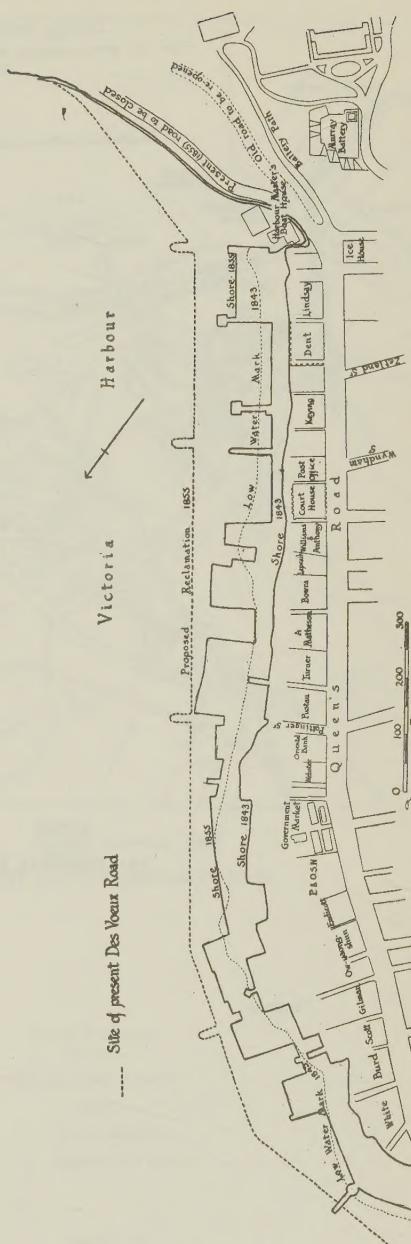
its length this road, at this time, constituted the high water mark. Examination of Map 6 helps to bring home the shape and nature of Hongkong at that time. Note the position of Ice House (built by public subscription in 1847) at the foot of Battery Path; also the Harbour Master's (Mr. Pedder) Boat House and the Regatta Club's Boat House, both lying in a creek where Ice House Street now runs. It is also interesting to note that Sir John Davis issued a proclamation in 1844 against encroachment by verandahs etc. on to Queen's Road and against the building of "mat houses" on Crown Lands. The squatter problem has been with Hongkong from its beginning. Later the building of verandahs over pavements was conceded and has ever since been a feature of all the main streets.

Much of the earliest building was of the matshed variety; the first Colonial Church was so constructed. But two typhoons in the first year quickly taught the wisdom of more solid construction.

The rapidity of the growth of Hongkong can perhaps best be visualized if one first imagines a map of the north coast of the island as a deserted line, without habitation as it was in January, 1841 and then compares that picture with Maps 5, 6 and 7. Already by 1845, the present lay-out of the heart of



(5) HONGKONG IN 1842

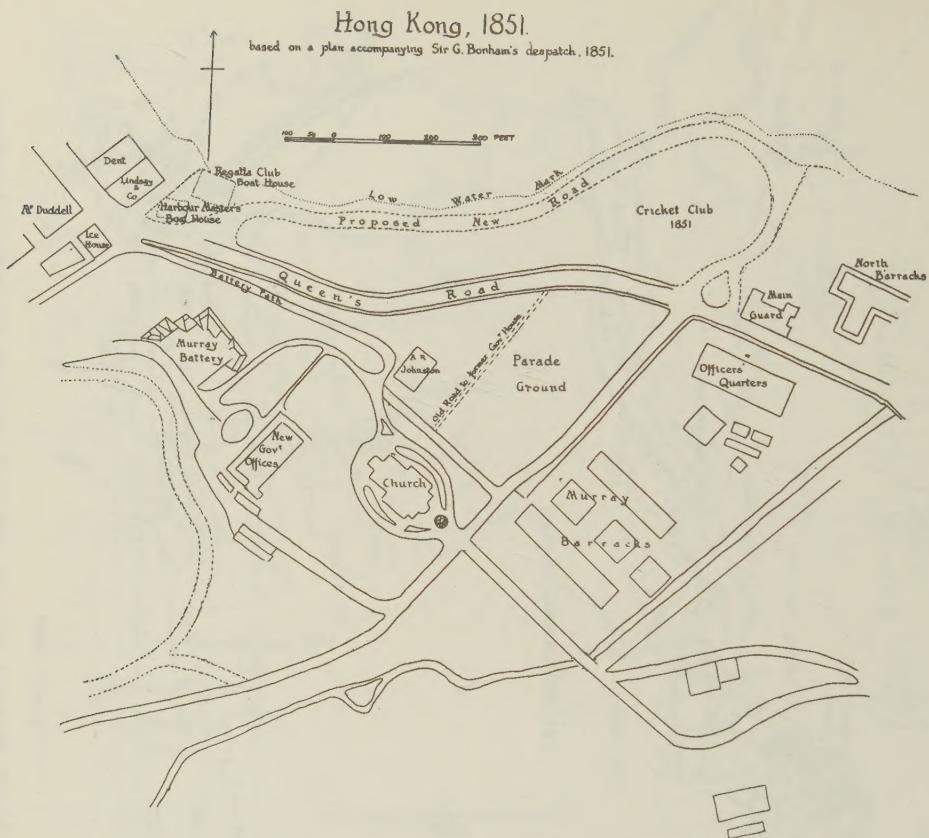


(6) DEVELOPMENT OF THE SHORELINE BETWEEN 1843 AND 1855 WITH PROPOSED RECLAMATION SCHEMES

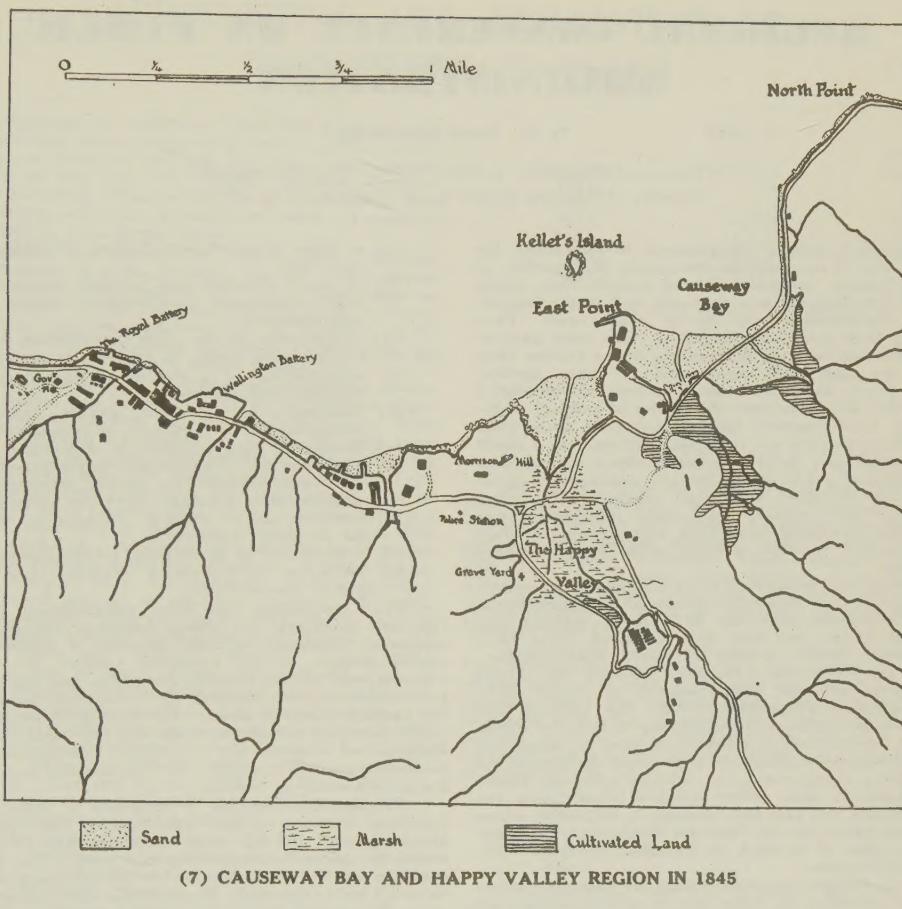
the City has taken shape—the Magistracy and Jail, the site of the Cathedral, Pottinger, Wellington, Stanley, Gough Streets and Lower Albert Road are all there (Map 6); Caine and Bonham Roads and Bowrington quickly follow. Subsequent development seawards has to wait on later land reclamation. It is rather sad to note that Captain Elliot, the man who secured

Hongkong has no memorial.

The rapid growth, which we have noted, is the more remarkable in face of the evil reputation which the City bore right up to 1861. In England the expression "Go to Hongkong" was synonymous with consigning anyone to the nether regions.



(6) CENTRAL HONGKONG IN 1851



Its early health record is appalling. In 1842, of 439 men of the 26th Cameronians, who landed in June, 127 were dead by October. The death rate for the army for that year was 25%. This was due, in part at least, to poor housing conditions and improved considerably after Murray Barracks were built. Nevertheless, even civilian deaths in that year were 10%. The merchants themselves held the place in no high esteem at first. For some years many of them were reluctant to surrender their footing in Canton and Macao. In 1846 a writer in "Friend of China" said "Hongkong is a possible naval depot . . . as a market, Hongkong is valueless . . . as a port of trans-shipment it is of importance." That article, intended as condemnatory, in fact puts its finger on the basic reason for the Island's growth. For over a century Hongkong has been one of the world's great entrepot.

NOTES

¹ G. R. Sayer, "Hongkong: Birth, Adolescence and Coming of Age," Chapters IV, V & VI. O.U.P., 1937.

² E. J. Eitel, "Europe in China; The History of Hongkong," pp. 172-174. Kelly & Walsh, 1895.

³ A Parliamentary Committee allowed 999 year leases to pre-cession lot holders.

APPENDIX

Estimate of Population
May 1841.

Chinese in villages & hamlets	2,550
" in bazaar	800
" on boats in harbour	2,000
" labourers from Kowloon	300
	5,650

October 1841

Chinese	12,250 approx. many labourers attracted for road building, etc.
Troops & residents of all nationalities	2,750
	15,000

(To be Continued)

REGIONAL CONFERENCE ON PUBLIC ADMINISTRATION

By Dr. Haueh Shou-Sheng

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(University of Hongkong delegate to the Conference held in Manila)

The outstanding political development in Asia since the end of World War II has been the emergence of a number of new sovereign States. Independence has brought them heavy responsibilities for their national economic and social development. Such responsibilities are by no means new. They confront every State everyday. However, they need particularly urgent attention in newly independent States because their governments are not well experienced in these matters. Several new States in Asia have difficulties to set up a satisfactory public service to meet the variety of national needs. Their existing public service systems, inherited from their respective colonial powers, are no longer adequate as a result of changing conditions. Indeed, the inexperience of these new States in matters of public administration constitutes a great handicap to their economic and social progress. It is clear that all States, and especially the newly independent and economically less developed ones, must seek to improve their public administration in order to promote the general welfare of their peoples.

It was against this background that the Regional Conference on Public Administration was called by one of the Asian States, namely, the Philippines. The idea of calling a regional conference on this subject had been first conceived, three years ago, by members of the Institute of Public Administration, University of the Philippines. However, nothing was certain until the proposal received official support in August 1957 from the Philippine Government. With the blessing and assistance of the Government, the Philippine Institute of Public Administration then found it possible to send a delegation, under the leadership of its Director, to promote the idea of the conference among Asian countries. All the countries visited warmly supported the idea. After laborious preparations, the Preliminary Meeting was held last February in Saigon, at which the ground was paved for the Regional Conference on Public Administration, first of its kind, to be called for June 7-20, 1958, in the Philippines.

In order to enlarge its participation, the Conference was neither strictly confined to Asian nor to newly independent States. Twelve countries took part by sending delegates and observers. Also present were a number of observers from various international organizations including the United Nations Technical Assistance Association and the International Institute of Administrative Science. President Carlos P. Garcia of the Philippines addressed the Conference at the Opening Session on 7th June in the Hall of Flags of the Department of Foreign Affairs in Manila.

The Regional Conference on Public Administration approved its objectives as agreed upon at the Preliminary Meeting, that is, to promote the adoption of appropriate and adequate administrative systems and practices intended to advance the economic and social development of the region. After seriously studying the advisability and feasibility of providing for a continuing organization on public administration in this region, the Conference decided to establish a permanent institution to be known as Eastern Regional Organization for Public Administration (EROPA), which has in view the following objectives:

- (a) to promote the adoption of more effective and adequate administrative systems and practices in order to advance and implement the economic and social development of the region;
- (b) to develop an increasing appreciation of the value and importance of public administration;
- (c) to advance the frontiers of the science and art of governmental administration;
- (d) to develop managerial talent, especially at the executive and middle management levels;

- (e) to foster the professionalization of public administration; and
- (f) to foster affiliation and maintain liaison with universally recognized international bodies for public administration.

The Constitution of the new Organization provides for, *inter alia*, the following means to achieve the above objectives:

- (a) organization of periodical international or inter-regional conferences;
- (b) publication of research papers and a journal promoting the development of administrative science;
- (c) distribution and exchange of documents;
- (d) establishment of continuing committees for research and documentation on special problems related to administrative practices and other sciences;
- (e) establishment of training seminars or short courses on particular subjects;
- (f) organization of professional training centres; and
- (g) exchange of professors, students, and experts in public administration.

The Organization has three categories of membership: (a) State members, (b) group members, and (c) individual members. Admission of State members is decided, upon the recommendation of the Executive Council, by a two-third majority vote of the General Assembly, and members of the other categories are admitted by a two-third majority vote of the Executive Council alone. The General Assembly may also confer honorary membership upon any individual who has made distinguished contribution to public administration. Any member may withdraw from the Organization by notifying the Executive Council in writing.

The General Assembly is composed of State, group, and individual members of the Organization. Each State member has one vote, and all other members from a State or a territorial unit collectively have one vote. The General Assembly meets every other year, but extraordinary sessions may be called by the Executive Council upon the request of one-half of the State members. The General Assembly exercises, among other things, the following functions:

- (a) to formulate the general policies of the Organization;
- (b) to give financial direction;
- (c) to elect the members of the Executive Council;
- (d) to appoint the Secretary-General; and
- (e) to amend the Constitution.

The Executive Council is composed of a Chairman, a Vice-Chairman, and five members, all of whom are elected every second year from among the State and group members of the Organization through a secret ballot of the General Assembly. The Executive Council meets at least once a year. Decisions of the Executive Council are made by a two-third majority vote. The Executive Council is primarily responsible for:

- (a) directing the activities of the Organization;
- (b) determining the working procedures of the various services of the Organization;
- (c) preparing the budget and administering the finances of the Organization, subject to the approval of the General Assembly; and
- (d) determining the agenda, date and place of the General Assembly sessions.

Finally, the Secretariat-General, under the direction of a Secretary-General, is to be a permanent organ, the headquarters of which will be initially established in Manila. The

(Continued on page 96)

PRODUCTION AND UTILIZATION OF TRANSISTORS IN JAPAN

The development of "electronics" has been noted as most striking of technical advances staged in postwar years. Study and utilization in Japan of this field of science have become rapidly active of late and have steadily obtained excellent results. The following will introduce the current state of how Japan is producing and utilizing transistors which are expected to replace receiving tubes in the future.

The transistor was invented in 1948 by Drs. J. Bardeen and W. H. Brattain of Bell Laboratory in the United States. The initial invention was equivalent of what is called today as point contact type. In the following year of 1949, a theory on junction type was announced by Dr. W. Shockley of the laboratory and in 1951 the doctor succeeded in manufacturing a device from the theory which is widely known now.

In Japan, the study of the so-called semi-conductor devices including transistors was begun in 1949 by the Electric Communications Research Institute and some manufacturers. With the progress of studies overseas, diode developed from point contact type to junction type, while transistors shifted from an original point contact type to a highly advanced junction type. As regards junction type transistors, they were studied over an extensive area of alloy junction type, grown junction type and diffusion type, according to different methods in which P-N junctions are produced. In respect of materials, close studies are being made over the utilization of silicon, of which higher efficiency is expected than the generally used germanium. Thus, the technical research of transistor production in Japan has made remarkable progress since 1951 thanks to aid measures including subsidies granted for such purposes by the International Trade and Industry Ministry. Since 1954 furthermore, a step has been pushed ahead of the stage of experiment to complete arrangement for transistor production.

We must not forget, however, that the introduction of excellent foreign know-how was a major factor which enabled the technique for transistor production in Japan to make such rapid advance. The introduced foreign technique greatly helped Japan fill a technical lag in this field produced during a long period of war through postwar years. Japan at present has concluded patent contracts for transistors and their applied circuits or blanket contracts for technical aid with many foreign manufacturers. Leading among them are Western Electric Company (U.S.), R.C.A. (Radio Corporation of America, U.S.), N.V. Philips (Holland), Siemens & Halske A. G. (West Germany) and Telefunken Gesellschaft (West Germany).

As a result of the aforesaid advance in research and experiment and the technical introduction, the Kobe Kogyo, Ltd., and the Tokyo Tsushin Kogyo, Ltd., took the lead in announcing the transistors they produced for trial. It is generally considered that Japan's transistor industry emerged from the stage of research and experiment about 1954 in readiness to launch into full-scale production. Output in 1954 was 11,623 units for transistor and 77,002 for diode, totalling about 90,000 units. With the turn of the second half of the fiscal year 1955 when a larger number of makers completed their producing facilities, the output rose further to 141,643 units in transistor and 357,774 in diode. In the fiscal year 1956, the output began to take a sharp upcurve, and reached 214,000 transistors, worth Y162 million and 247,000 diodes, worth Y49 million in March, 1957 showing spectacular rises of 10 times and four times, respectively, as much as the figures in the corresponding month of the previous year. As a result, the total production in the fiscal year 1956 came to 3,006,000 units, including 1,060,000 transistors and 1,946,000 diodes. A review of production and trend for the year 1957 shows that germanium diode accounts for the bulk of diode, while silicon diode has been produced in small quantities. As regards transistor, they have not as yet used silicon, all being germanium transistors of junction type. Besides, photo transistors have also been produced of late. The latest monthly production figures were 324,000 diodes and 498,000 transistors, or a total of 822,000 units. Actual output of diode and transistor in the last six years were:

Fiscal year	Table 1		(In units)
	Transistor	Diode	
1951	—	—	1,181
1952	—	—	8,616
1953	6,462	—	29,844
1954	11,623	—	77,002
1955	141,643	—	357,774
1956	1,059,925	—	1,946,259

Monthly output since April 1957 also was as follows:

	Table 2		(In units)
	Transistor	Photo transistor	
April, 1957	291,153	—	357,943
May, "	306,483	83	369,804
June, "	434,074	35	394,448
July, "	540,334	8	307,091
Aug., "	498,275	17	324,407

At present, there are in Japan more than 10 firms which produce or are studying what we call semi-conductor devices including transistor and diode. Of these, the following nine are the best known makers: Kobe Kogyo, Ltd.; Tokyo Shibaura Electric Company; Tokyo Tsushin Kogyo, Ltd.; Nippon Electric Company; Japan Radio Company; Hitachi, Ltd.; Fuji Communication Apparatus Manufacturing Company; Matsushita Electric Industrial Company; and Mitsubishi Electric Manufacturing Company.

How then is the transistor being utilized? At present, the bulk of transistors produced in Japan comes into the market in the form of portable radio with transistor. The output of transistor radios has recently taken a sharp upcurve with the increased production of transistors. Now they are fast supplanting portable radios with receiving tubes. Production of transistor radios in the five months of last year ended August is as follows: (in units)

April, 1957	16,658
May, "	27,980
June, "	44,263
July, "	67,466
Aug., "	77,931

The transistor radio output, which, in April, accounted for a little over 10 percent of portable radio production amounting to 133,754 units, rose more than 50 percent in its weight in only several months; and the favorable trend is now rapidly mounting. This is due largely to gradual elimination of obstacles in transistor radio popularization including high prices and the impossibility of short-wave receiving. The use of transistors now tends to extend increasingly to the field of home radio. Moreover, general wireless communication apparatuses which call for small size and light weight are another field where transistors would be in great demand.

In the case of wired telecommunication equipment, electronic exchange equipment of small size is being made for trial, while eager studies have been started to produce it early for practical use with the advance of the precision and efficiency of transistors. Industrialists also have launched moves to use transistors in order to manufacture carrier equipment and repeaters which are more small, more light and more economical in power consumption.

Along with the popularization of transistors in the communication equipment, manufacturers recently have made strenuous efforts for researches aimed at adopting transistors in the production of electrical computers. At present, electrical computers use either receiving tubes or parametron which made its debut last year. But use of transistors now has spread so much in other appliances that makers have come to show greater interest for the utilization of transistors in computer production. Advantages due to the use of transistor lie in its small consumption of electric power, small type of equipment, light weight and simple maintenance due to its

long life. The only question is that current domestic transistors are not yet satisfactory enough to work in high-frequency band, though their performance has so developed as to be put to practical use in medium and short frequency bands. Because of the importance of universalizing transistors in the production of electric computers, makers have concentrated so eagerly on the study of this new electronic machine that it is considered the abovementioned defect would be removed earlier than one may expect. Meantime, use of transistors in TV is expected to begin at the end of 1958. Generally, transistors are considered to be applied to the following:

For military use: walkie-talkie or handie-talkie, aeronautical radio communication equipment, radio direction finder, radar, G.M. Telegraphic and telephone services: automatic exchange equipment, repeater. For broadcasting: television camera, wireless mike. For receiving: radio receiver, television receiver. Other uses: electrical computer, automatic control equipment.

The Material Position

Among various semi-conductors, germanium is most used as material for transistor. Besides this, there is another material—silicon, which is expected to be utilized on a large scale, with the advance of refining technique.

(1) Germanium: Germanium is distributed comparatively widely in the crust of the earth. As a low-grade ore, germanium contained in the raw ore, chiefly sulfide ore, is only 0.1 percent pure in most cases. It used to be reclaimed as by-product in copper or zinc refinement. In Japan, survey of germanium deposits was started in various quarters about 1952 with the progress of studies on transistor production technique. With the turn of 1954, the government granted subsidies for special study of transistors, giving impetus to the realization of early development of this rare metal by the experts concerned who created the Germanium Technical Committee.

In consequence, the Tokyo Gas Company succeeded in reclaiming one to two kilograms of GeO_2 , monthly from artificial gas (or waste liquid produced at the time of carbonization). The Mitsubishi Metal Mining Company also succeeded in extracting two to three kilograms from residue of refined zinc. All these were extracted from the highest grade ore of the domestic germanium resources. For all that, the production cost was more than treble the overseas prices. This is because the domestic ore generally is the low grade ore of below one percent pure, making it difficult to develop the domestic resources more than at present.

However, the domestic consumption of germanium is now rapidly increasing because of the recent sharp rise in transistor production. Monthly consumption at this year-end would probably reach several hundred kilograms to far exceed the 100 kilograms estimated for 1956. Thus, the monthly supply which still remains a negligible figure would fall behind the fast rising consumption. The Mitsubishi Metal Mining Company is planning to retrieve waste germanium produced in the course of transistor manufacturing, but the remanufactured is considered to reach no more than 30 percent of home consumption. The greater part of domestic consumption of germanium naturally has to depend on imports.

Germanium imports in recent years were as follows: (in kg.)

Fiscal year	GeO_2	Ge
1954	100	10
1955	560	30
1956	2,850	400

Though Japan previously imported germanium mostly from Eagle Pitcher Company of the United States, recent imports from that country have been greatly reduced because of a sharp upswing of demand for this item in America itself. Japan, as a result, is now buying Belgian germanium which is delivered quicker than American products. At present, the major producing countries of germanium are the United States and Belgium where the metal is produced about 30 to 40 tons annually. Japan's imports of germanium for the fiscal year 1957 is estimated to reach more than 7,000 kilograms, or 15-20 percent of the production in the above two countries.

Meantime, great efforts were concentrated by various firms on the study of refinement process for high-purity germanium

("nine 9" or "ten 9"), a material for transistor. Fortunately the efforts bore fruit last year when a Japanese firm succeeded in manufacturing the high-purity germanium which compares favorably with Eagle Pitcher's products known as the world's best.

(2) Silicon: Silicon has been attested to be fully utilized as a material for transistor, but its development has been hampered by difficulties in its refining and processing. Compared, however, with germanium, silicon has various advantages. It is easily obtained from the earth crust, 26 percent of which comprise silicon. Because of these advantages, it is expected that silicon would rise increasingly in importance in the future as key material for transistors as the technical troubles are gradually solved.

The majority of high-purity silicon currently used for the trial production of silicon transistors and diode is of Dupont's make. Annual imports from the United States which now are 10 to 20 kilograms will have to be increased to meet a considerable rise in domestic demand expected in the future. Current import price of silicon is twice or treble the germanium price, though it varies according to size and grade.

In Japan, the study of silicon, a high purity metal, was started comparatively early by, for instance, the ore refining laboratory of the Tohoku University. Moreover in 1955, the Tokai Electrode Manufacturing Company began a full-scale research of this metal with subsidies granted by the International Trade and Industry Ministry. It is expected that domestic production of high-purity silicon on an extensive scale will become possible in another few years.

Prospects

Because of a limited supply of transistors, the utilization of these devices in Japan has just started in the field of portable radios. With the establishment, however, of a makers' structure for increased production, monthly production is expected to reach several times as high as the current level about the middle of next year. The range of application of these devices is believed to widen as result, and the production would soon rise to leave surplus for export.

The International Trade and Industry Ministry has estimated production for the next few years as follows:

Fiscal year	Transistor	Diode (In thousands of units)
1955 (actual results)	142	358
1956 (")	1,060	1,946
1957 (estimate)	7,000	3,000
1958 (")	12,000	5,000
1959 (")	20,000	7,000

According to the above figures, transistor production in 1959 is expected to rise 20 times the 1,000,000 units for 1956 to reach 20,000,000 units, valued at above Y7,000 million. At present, the nation's output of general receiving tubes annually exceeds 40,000,000 units. In a few years more, transistor is expected to make inroads into at least more than one third of the radio and television field, while the unique uses for transistor itself is believed to be developed further to a considerable extent.

Naturally, in order for the production and utilization of transistors to show a rapid growth, it is necessary to solve many problems; such as the improvement of quality and efficiency and the reduction of cost. The major problem facing Japan, however, is the acquisition of germanium. As stated above, germanium resources in Japan are almost nil; the majority of her demand for this item being covered by imports. However, rise in world demand in the future does not necessarily admit of any optimism for ensuring a sufficient quantity of germanium by imports. Industrialists, therefore, are stepping up the development of silicon which is not only abundant in Japan but has excellent features. But, because of its technical difficulties in some phases of refining and processing compared with germanium, silicon is now being manufactured for practical use only into point-contact type diode which is most simple to make. Observers expect that recent technical advance would soon overcome such difficulties. Anyhow, with promotion of the transistor industry, rapid development in Japan of semiconductor devices using silicon would hereafter remain a subject of no small importance calling for further study from a viewpoint of utilization of domestic natural resources.

JAPANESE FOREIGN TRADE AND ECONOMIC GROWTH: WITH SPECIAL REFERENCE TO THE TERMS OF TRADE*

By Kiyoshi Kojima

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I. Problem

With respect to the role of foreign trade in the economic growth of Japan, there is a stereotyped vicious circle theory, which is recurrently reproduced without apparent consideration of its origin and development. Most Marxian economists in Japan, consciously or unconsciously, take this stereotyped point of view. Professor Shinohara, who is not a Marxian economist, recently presented an interesting modern version of the stereotype in an effort to explain the process of Japanese economic development prior to World War II.¹ The substance of this stereotyped vicious circle theory of Japanese economic development may be summarised as follows:

(a) On the supply or cost-price structure side, the inflow of cheap rice (particularly from the former colonies, Korea and Formosa) permitted a lower cost of living and general wage level; the inflow of cheap rice forced primary industry to shrink relative to other sectors and to provide secondary industry with a reservoir of cheap labor; the abundant supply of cheap labor from the agricultural sector reduced the cost of manufactures, particularly those with high labor content, resulting in a relatively small labor share and fairly high capital share; the low cost of manufactures with high content made exports expand rapidly; the high capital share sustained capital accumulation and industrialization at a rapid rate which was far above that in foreign countries.

(b) On the demand side, the low wage level and low labor share made domestic demand for the quickly expanding output of manufactured goods so small that an outlet for them had to be sought abroad; in order to force exports to increase at a rapid rate, the terms of trade had to be deteriorated through strategic lowering of export prices; a greater rate of industrial growth than that of foreign countries tended to create a latent deficit in the balance of trade, which in turn necessitated a further deterioration in the terms of trade; the burden of the deterioration in the terms of trade was wholly shifted to laborers and farmers, for whom there remained little possibility of raising their real income and level of living.

Thus the vicious circle may be summarised as a set of causal relations between cheap labor, the narrowness of the domestic market in the face of a rapid rate of capital accumulation, and the need for an export drive, which required in turn cheap labor. According to the stereotype view, the Japanese economy, over the long run, grew rapidly merely in quantity of population, capital, production and foreign trade and this quantitative expansion did not contribute very much to improving the real income and welfare of farmers and laborers. It is understood that foreign trade was necessary for the rapid quantitative expansion, but it was regarded as the very cause of the vicious circle because of an inherent tendency toward deterioration in the terms of trade.

I seriously doubt, however, the truth of the contention of Professor Shinohara and others that the terms of trade of Japan showed a long-run tendency to deteriorate, and that the vicious circle had persistently occurred since our industrialization around 1890. It seems to me that their generalization is too sweeping. In this paper, I shall try to show first that the deterioration in the terms of trade occurred only in the two periods of rapid transformation or of structural change in 1905-13 and in 1932-37. Secondly, an attempt will be made to show through analysis of the unique features of various key indices and of the balance of payments, that the vicious circle, as described above, was confined to the period of 1932-37. Thirdly, it will be shown by an analysis of the gains from trade that, except for the vicious circle period, our foreign trade has contributed much toward raising the real wage level. My investigation will be confined mainly to the analysis of the terms of trade and related matters during the period from 1890 to 1937.

II. Commodity Terms of Trade

In Period I, 1880-1905, the terms of trade were constant at about the 125 level, although cyclical fluctuations were experienced.

In Period II, 1906-13, the terms of trade deteriorated rapidly from 142 in 1906, the second year of the Russo-Japanese War, or 145 in 1907 to 100 in 1913, the average annual rate of deterioration being 3.75%.

In Period III, 1913-31, the terms of trade were again fairly constant at the 100 level, although big cyclical fluctuations, particularly an unfavorable change in 1918 and quite a favorable change in 1922 and 1923, took place.

In Period IV, 1931-1937, the terms of trade again deteriorated rapidly from 100 to 60.8, the average annual rate of deterioration being 5.8%.

Thus, we can distinguish the two periods of decline from the two periods of level trend.

The tendency of Japan's terms of trade may be compared with that of the United Kingdom's, which is presented by Professor Kindleberger.² The comparison is obscured by the facts that, from 1870 to 1900, Japan was a primary-good exporting country while England was a highly industrialized nation, and that World War I gave rise to quite different effects on each country. It is, however, clear that no deterioration corresponding to that of the two periods of decline in Japan can be seen in England, and that, moreover, there is a sharp contrast between the two countries in the tendency of the terms of trade during 1929-38. It may be better to infer, as Professor Kindleberger shows, that the English terms of trade, especially the current-account terms of trade, were kept fairly constant throughout 1870-1937. England experienced, however, a great deterioration in the terms of trade from about 1800 to 1870. This is the period of decline in England, which may correspond to Japan's two successive periods of decline.

The decline in the terms of trade appears, in Japan as well as in England, in the period of rapid transformation in the composition of industries and foreign trade from agriculture to light industries and then to heavy and chemical industries. It is usual for every industry to experience three phases of growth: (i) a rising rate of growth of output, (ii) a slower rate of growth of output, and (iii) an absolute decline in output. In a period of transformation, one group of industries grows up rapidly and the other group declines gradually. The growing industries reduce costs of production and prices owing to advanced equipment, the economies of scale, etc., while the declining industries experience overproduction and sell their products at very low prices, just covering their variable capital expenses. Thus, both the growing and declining industries in combination make the terms of trade deteriorate greatly. Moreover, the growing new industries usually need additional imports of capital goods and raw materials, but they are not yet able to cover the additional imports by their own exports. In order to accomplish the transformation of industrial structure, the additional imports should be covered either by foreign borrowing or by an export drive of the old declining industries. If an industry declines mainly because of a decreasing and inelastic demand abroad, then the export drive of the declining industry results in a heavy deterioration in the terms of trade.

* I am indebted to Professors J. Richard Huber, Alan Gleason, Miyohi Shinohara, Masahiro Tamemoto, Kiyoshi Matsui, Kaname Akamatsu for their helpful comments on an earlier draft written in Japanese. Such defects as remain in the paper are, of course, my own responsibility.

¹ Professor Miyohi Shinohara has written several articles on this topic. A good summary of his own is presented in his essay, "The Contribution of Foreign Trade to the Long-Run Development of Japanese Economy," *Kokusai Keizai* (in Japanese), ed. by the Japan Society of International Economics, No. 6, May 1955, pp. 60-78.

² Charles P. Kindleberger, *The Terms of Trade, A European Case Study*, The Massachusetts Institute of Technology, 1956, pp. 12-13.

Once the growing industries reach the second phase and some balance between various industries is established, each industry expands steadily with accompanying cyclical fluctuations of output and prices due to changes in domestic and foreign demands. This is the period of balanced growth of industries, in which the terms of trade are also kept fairly stable as a trend though involving cyclical fluctuations. The fluctuation in the terms of trade during this period is governed mainly by business cycles and changes in incomes and prices abroad, while the deterioration tendency in the period of transformation stems mainly from domestic causes such as cost-saving improvements in the growing industries and the cut-throat drive toward exports in the declining industries.

It is not easy to show a clear picture of structural change in industries and foreign trade. The change in the proportion of gainful workers employed in secondary industry (shown in Table 1) reflects a rapid industrialization, firstly, in the period from 1893-97 to 1908-12 and, secondly, in the period from 1928-32 to 1938-42, and shows a fairly stable percentage in the case of secondary industry during the inter-transformation period. Table 2 shows that during the inter-transformation period, i.e. from 1919 to 1931, the percentages employed in the textile and the heavy and chemical industries relative to all manufacturing remained fairly stable, and that after 1932, the heavy and chemical industries expanded rapidly while the textile industries contracted.

Table 1 The Percentage of Total Gainful Workers Employed in Secondary Industry

Period	%	Period	%
1893-97	10.4	1918-22	17.1
1898-1902	11.8	1923-27	17.1
1903-07	13.2	1928-32	16.8
1908-12	14.8	1933-37	19.5
1913-17	16.4	1938-42	23.7

Source: Kazushi Okawa et al., *The Growth Rate of the Japanese Economy Since 1878*, Kinokuniya, Tokyo, 1957, p. 28.

It is more difficult to show a clear picture of the structural change in foreign trade, for exports or imports are so diversified and multiplied year by year that each item, particularly if recently introduced, does not amount to a large enough sum to be dealt with separately. The composition of exports in Table 3 represents a shift, first, from food and crude materials to semi-manufactures during the period 1893-1913 and, secondly, from semi-manufactures to finished manufactures during the period 1923-1937. As Table 4 may partially suggest, the expansion of exports from 1893 to 1913 took place mainly in raw silk and cotton yarns, both being classified as semi-manufactures. From 1923 to 1931 exports expanded in the line of raw silk and cotton fabrics, the latter of which accounts for the increased proportion of finished manufactures. The increased proportion of finished manufactures in 1937 as compared with 1931 is due to the expansion of cotton fabrics on the one hand, and on the other to the addition of new exportable commodities such as artificial silk, steel, medicine, chemicals, iron-manufactures, machines, shipbuilding, etc.

Table 2 Gainful Workers in Textile and Heavy and Chemical Industries as a Per Cent of Total Gainful Workers in all Manufacturing Industries

Year	Textile Industries %	Heavy and Chemical Industries %	Year	Textile Industries %	Heavy and Chemical Industries %
1909	63.4	12.2	1934	45.7	34.4
1914	62.1	15.6	1935	43.6	36.7
1919	55.0	24.8	1936	40.9	40.2
1927	53.7	25.1	1937	36.6	44.4
1928	52.2	27.9	1938	32.2	51.0
1930	53.7	24.9	1939	27.1	55.5
1931	54.6	24.6	1940	24.8	58.3
1932	52.1	27.1	1941	22.0	59.7
1933	49.8	29.2	1942	17.2	66.6

Heavy and chemical industries consist of metals, machines and chemicals.
Source: Economic Planning Board, *Data Paper on the Employment Problem*, Series No. 7, 1957.

I cannot agree with the view that the terms of trade in Japan showed a persistent tendency to decline over the long run. The terms of trade in Japan show, as I have depicted above, clearly distinguishable periods of level trend and decline, and consequently they do not support the sweeping generalization of a steady long-run deterioration. Moreover, from the

Table 3 Composition of Exports (Per Cent of Total Value)

Year	Food Drink Tobacco	Crude Materials	Semi-Manufactures	Finished Manufactures	Miscellaneous
1893	20.49	10.45	40.77	24.52	3.77
1903	11.94	10.53	47.24	27.92	2.37
1913	9.83	8.12	51.87	29.22	0.96
1923	6.29	5.60	48.40	38.52	1.18
1929	7.61	4.22	42.01	44.55	1.61
1931	9.12	3.99	37.70	47.52	1.67
1937	7.8	4.2	25.7	59.8	2.5

Source: The Oriental Economist, *The Foreign Trade of Japan, A Statistical Review*, 1935, p. 450.
Ministry of Finance, *Foreign Trade Return of Japan*, 1938.

Table 4 Exports of Selected Commodities as a Per Cent of the Value of Total Exports

Coal	Sugar Refined	Raw Silk	Silk Fabrics	Cotton Yarns	Cotton Fabrics	China Wares	Artificial Silk	Steel Fabrics	Medicine, Chemicals
1903	6.7	—	25.7	10.1	10.9	2.4	—	—	—
1913	3.7	2.5	29.9	6.2	11.2	5.3	—	—	—
1923	1.5	1.0	39.1	6.4	5.4	16.2	1.6	—	0.3
1929	1.1	1.4	36.3	7.0	1.2	19.2	1.8	—	0.2
1931	1.3	1.3	31.7	3.8	0.8	17.7	1.7	3.6	0.6
1936	0.4	0.8	15.8	3.1	1.5	20.2	1.5	5.2	2.8
1937	0.4	0.6	14.6	2.6	1.4	18.3	1.5	5.7	—

Source: The same as Table 3.

technical point of view of the calculation and statistical significance of the terms of trade,³ a long-run trend might have no validity, particularly when an economy grows so quickly and both imports and exports change so greatly in character as was the case in Japan.

I have endeavored to show that the two periods I have defined as periods of decline in the terms of trade were unique periods of rapid transformation in the structure of Japanese industry and trade. In addition, I have pointed out theoretical and historical relations between the structural transformation and the deterioration in the terms of trade. In order to know whether or not the deterioration in the terms of trade during the periods of transformation was the result of the vicious circle mechanism, it is necessary to examine further the extent to which export drives actually took place, the balance of payments difficulties, and changes in the cost-price structure of industries. These examinations will be made successively in the following sections.

III. Were Japanese Exports Driven?

The Japanese economists who adhere to the vicious circle stereotype claim that by deteriorating the terms of trade strategically, the Japanese economy has driven exports abroad because of the narrowness of the domestic market. Foreigners also condemn the rapid expansion of our exports, particularly in the 1930's, in the name of "exchange dumping" or "social dumping." It is of course not easy to prove whether Japanese exports were driven or not, but it will be shown that there was a clear difference between the period of level trend, 1913-31, and the period of decline in the terms of trade during the 1930's.

Since the manufacturing production index is considerably under-estimated for early periods, 1905 may be a good starting year for comparison purposes. In 1905-1917 or 1918, both the manufacturing production and the export volume indices rose steadily together at a rapid rate, although the latter oscillated a little more widely. In the postwar depression, 1919-21, and in 1923, the year of the great earthquake, the growth of manufacturing production was arrested, while exports declined, and a wide gap between the two indices appeared. Again from 1922 to 1929, except 1923, both indices rose rapidly in parallel fashion, a wider fluctuation being experienced in the latter. After a decline of both indices during the world economic crisis, both increased rapidly following 1931, but here exports expanded not in parallel fashion but faster than manufacturing production. This was a unique feature of the 1930's.

The difference between the volume of exports and the income terms of trade accounts for the change in the commodity terms of trade. Up to 1913 the income terms of trade were above the export volume index, for the commodity terms of

³ Many cautions needed are suggested by Robert E. Baldwin, "Secular Movements in the Terms of Trade," *American Economic Review*, May 1955, pp. 259-269.

trade were kept more favorable than in 1913, the base year. Between 1913 and 1931, the income terms of trade were occasionally above and sometimes below the export volume index due to cyclical fluctuations in the commodity terms of trade. From 1932 to 1937, the income terms of trade diverged widely below the export volume index, and this was obviously brought about by a big deterioration in the commodity terms of trade. Such a growing divergence is seen only in the 1930's.

It may be safely inferred that manufactures were not driven abroad during a period such as 1905-31 when the volume of exports, which consisted mainly of semi- and finished manufactures, grew in parallel fashion with or at a slower speed than manufacturing output. The export-drive was confined to the period of 1932-37, when exports expanded faster than manufacturing output and the commodity terms of trade deteriorated enormously. The period of 1905-13 was another period of rapid industrial transformation and of deterioration in the terms of trade, but it had many dissimilarities as compared with the 1930's. A further study is needed for the period of 1905-13.

Table 5, which is calculated from Hilgerdt's *Industrialization and Foreign Trade*,⁶ confirms our above conclusions as far as the comparison of changes in production and exports of manufactures by periods in Japan is concerned.⁷ As compared with more advanced countries, which are our competitors in manufacturing exports, and with the world as a whole, in the first period of 1906-10/1911-13, Japanese manufacturing production increased faster than that of foreign countries while Japanese manufacturing exports expanded as rapidly as those of the United States and a little faster than those of the world. In the second period of 1921-25/1926-29, Japanese manufacturing production increased a little faster than that of foreign competitors and of the world while the expansion of Japanese manufacturing exports lagged far behind that of the United States. The situation was, however, quite different in the third period of 1926-29/1936-38, in which not only manufacturing production increased faster in Japan than in other countries but Japanese manufacturing exports expanded enormously in contrast to other countries' contraction or slow recovery from the world crisis. It may be concluded that only in the third period did Japan engage in an export drive and intrude into competitor's markets.

Table 5 Production and Trade in Manufactured Articles Production

Period	Japan	World	United States	Germany	United Kingdom	
(a)	(b)	(a)	(b)	(a)	(b)	
I 1906-10	64.4	100	79.9	100	78.7	100
	93.1	145	94.3	118	91.6	116
II 1911-13	100		100		97.4	121
	120		112		93.1	112
1921-25	203.3	100	103.2	100	129.3	100
	226.5	126	189.8	135	163.6	127
1926-29	294.8	145	136.9	133	148.0	114
	356.8	126	189.8	100	163.6	100
III 1931-35	565.8	126	282.2	92	117.8	72
	528.9	183	185.0	133	90.6	81
			166.6	102	138.3	125
					121.5	131

Trade (exports)

Period	Japan	World	United States	Germany	United Kingdom	
(a)	(b)	(a)	(b)	(a)	(b)	
I 1906-10	65.7	100	77.9	100	65.6	100
	88.2	134	95.6	123	90.2	138
II 1911-13	191.2	100	76.6	100	108.7	100
	276.5	145	104.3	136	175.7	162
1921-25	254.9	133	99.7	130	160.2	147
	276.5	100	104.3	100	175.7	100
1926-29	284.3	103	75.5	72	95.0	54
	471.6	171	92.1	88	154.8	88
					84.0	108
					62.9	76

Column (a) is the original index, the base of which is 1913=100.

Column (b) shows each period in a given group as a per cent of the first period in that group.

Source: League of Nations, *Industrialization and Foreign Trade*, 1945, p. 130,

p. 157, pp. 162-163.

Thirdly, it is said that the export proportion, i.e. the ratio of exports to national income, is more likely to increase in a period of depression than it is in the immediately preceding period of prosperity and that it is inversely correlated with the terms of trade which are said to deteriorate during depressions.⁸ The phenomenon is called 'crisis exporting', in which the deterioration in the terms of trade plays the same role as in the vicious circle mechanism,⁹ though the former results in an export drive of a short-run nature and the latter results in that of a secular nature.

Concerning the period during 1932-37, there still remains a question. From the point of view of the short-run business cycle, it was a period of slow recovery of the world economy and of rapid expansion of our economy. However, from the point of view of secular trend, it was a period of secular stagnation of the world economy which might, as the vicious circle theory assumes, necessitate a deterioration in the terms of trade in order to increase the export proportion in Japan. It may be concluded that only in the period of 1932-37 were Japanese exports persistently driven abroad in the face of an unfavorable world economic situation.

Fourthly, it is not enough to analyse only the terms of trade. The components of the terms of trade and the export volume also should be investigated. In period II, 1913-31, there was a fairly regular cyclical pattern of behavior evident in these indices, as Professors Morgan and Paish pointed out¹⁰ with reference to the United Kingdom. Since the price fluctuation in primary commodities was wider than in manufactured goods, in the upward phase of the world business cycle Japan's import prices rose first; the increase of purchasing power among primary goods exporting countries resulted in the increase of Japanese export volume,¹¹ which was then followed by a rise in our export prices; our terms of trade deteriorated, for the rise of import prices was faster and greater than that of export prices mainly due to the difference of price elasticities. In the downward phase of the world business cycle, import prices fell first at a greater rate than that of the succeeding fall in export prices, and as a consequence the terms of trade became favorable while the volume of export declined or grew at a slower rate than otherwise.

In period I, 1905-13, and in period III, 1931-37, however, all indices showed not a cyclical pattern but a kind of trend. In period I, the import price index rose substantially; the volume of exports increased at a rapid rate with the export price index fairly constant; consequently the terms of trade deteriorated enormously. In period III, the trend pattern was about the same as in period I, except for the rising trend of the export price index in the former period. It seems to me, however, that there was some fundamental difference between the two periods, although a thorough analysis has not yet been made of period I. In period I, the world economy was prosperous and expanding rapidly and, therefore, our import prices rose. In period III, the world economy was sluggish and in "Sturm und Drang," and import prices were deliberately pushed up as a result of our drastic exchange depreciation. Other differences will be noted presently. Thus, it may be concluded that only in period III did Japan try deliberately to expand her exports.¹²

Fifthly, according to Professor Tatemoto's calculation¹³ there exists a conspicuous difference in income and price elasticities between 1924-29, on the one hand, and 1932-37, on the other hand. The income elasticity abroad for our exports decreased from 1.70 in the first period to 0.90 in the second period, while the price elasticity increased from 0.10 to 0.94, both elasticities being estimated by multiple correlation. The elasticity of substitution of world demand for Japanese and competitor's exports showed a fivefold increase from 0.45 to 2.20. These changes in elasticities tell us that our export price cuts worked effectively for expanding trade in 1932-37, while our exports were influenced predominantly by changes in the world incomes during 1924-29.

⁶ League of Nations, *Industrialization and Foreign Trade*, written by Folke Hilgerdt, 1945.

⁸ In 1936-38, the manufacturing production increased by 79% relative to 1930, while manufacturing exports increased by 85%.

¹⁰ See, Werner Schiote, *British Overseas Trade, from 1700 to the 1930's*, translated by W. H. Chaloner and W. O. Henderson, Oxford, 1952, pp. 75-79.

¹¹ Professor Shinohara stressed the similarity of the role of the terms of trade played in crisis exporting and in his vicious circle mechanism. See, Miyohel Shinohara, "The Economic Development and Foreign Trade of Japan," *Nippon Keizai-no Koso-bunkashi*, ed. by Ichiro Nakamura, Vol. 2, 1954, p. 108.

¹² D. J. Morgan and F. W. Paish, "The Purchasing Power of British Exports Further Considered," *Economica*, Nov. 1955, pp. 329-335. See also, R. L. Marris, "The Purchasing Power of British Exports," *Economica*, Feb. 1955, pp. 13-28; and "The Purchasing Power of British Exports—A Rejoinder," *Economica*, Feb. 1956, pp. 67-70.

¹³ The decline in the export volume in 1923 was irregular, since it was brought about by the great earthquake in that year.

¹⁴ Professor Lockwood seems to be right in stating that "... periods of high incomes in Japan were apt to be periods of high incomes and high prices abroad. A notable exception was the Japanese economic recovery after 1931 in the midst of continuing world depression. Even then the yen prices of imports rose steeply as national income increased, owing to the depreciation of the currency." William W. Lockwood, *op. cit.*, p. 380.

¹⁵ Masahiro Tatemoto and Hiroya Ueno, *Keizai-koso no Keiryō-keizai-teki Bunseki*, Osaka University, 1957, pp. 105-108.

In short, all indices, which have been examined from five points of view, show that only the period of 1932-37 had the unique features of an export drive supported by a huge deterioration in the terms of trade. It may be safely inferred that those unique features were the causes and effects of the vicious circle mechanism which was peculiar to that period. Obviously, in the period of 1913-31, our exports varied not as a result of a deliberate export drive policy, but in accordance with the world business cycles.

IV. The Balance of Payments

It may be worth inquiring if a latent tendency toward a recurrent deficit in the balance of payments has really existed, as the vicious circle theorists argued, and, if so, what kind of deliberate policy has taken place in order to overcome the latent deficit. The task is not easy since the ex-post account of the balance of payments is always kept in balance and, in the aggregate, it indicates nothing about latent forces. However, a gold movement, which is apt to be an accommodating factor in the balance of payments, may suggest something important.

The relation between the net and gross terms of trade gives a good picture of changes in the balance of trade. In the base year, 1913, an import surplus amounted to 15.5% of the total import value. When the gross terms of trade were above a line marking 84.5, our balance of trade incurred an import surplus, and when they were below our balance of trade enjoyed an export surplus. Japan experienced an export surplus in 1915-18 and in 1932-38, while an import surplus occurred in other periods. A clear co-variation between the two terms of trade is seen, except where large fluctuations of the gross terms of trade took place such as in 1905, the year of the Russo-Japanese War, and in 1923, the year of the great earthquake. The co-variation shows, as would be theoretically expected, that a downward change in the gross terms of trade, i.e. an improvement in the balance of trade, tends to pull down the net terms of trade and vice versa. It is apparent, therefore, that the net terms of trade did not deteriorate because of the occurrence of an import surplus. Instead, they deteriorated while the balance of trade was improving, particularly in 1905-1914 and 1932-1937. In any case, there is no evidence in these facts of the operation of the vicious circle mechanism.

Table 6 The Balance of Payments, 1904-1936

Period	(in million yen)			
	(1)	(2)	(3)	(4)
	Balance of Merchandise Trade	Balance of Invisible Trade	Balance of Current Account	net export (+) net import (-)
I. 1904-1914	-727.4	-260.5	-987.9	+ 78.6
Annual Average	(- 66.1)	(- 23.7)	(- 89.8)	(+ 7.2)
II. 1915-1919	+1,219.2	+1,843.9	+3,063.1	-622.8
Annual Average	(+ 243.8)	(+ 368.8)	(+ 612.6)	(- 124.6)
III. 1920-1929	-4,214.9	+1,896.3	-2,318.6	-452.2
Annual Average	(- 421.5)	(+ 189.6)	(- 231.9)	(- 45.2)
IV. 1930-1931	-301.1	+216.6	-84.5	+674.9
Annual Average	(- 150.5)	(+ 108.3)	(- 42.2)	(+ 337.4)
V. 1932-1936	-237.5	+767.3	+529.8	+133.4
Annual Average	(- 47.5)	(+ 153.5)	(+ 106.0)	(+ 26.7)
Total	-4,261.7	+4,463.6	+ 201.9	- 188.1
Period	(5)			
	Changes in Outside Gold	Payments in Gold (4)+(5)	(6)	(7)
	net decrease (+) net increase (-)	net payment (+) net receipt (-)	Capital Movements	Residuals
I. 1904-1914	-198.8	-120.2	+1,370.4	+262.3
Annual Average	(- 18.1)	(- 10.9)	(+ 124.6)	(+ 23.9)
II. 1915-1919	-1,130.5	-1,753.3	-1,405.0	-95.2
Annual Average	(- 226.1)	(- 350.7)	(- 281.0)	(- 19.1)
III. 1920-1929	+1,088.1	+635.9	-9.8	-1,692.5
Annual Average	(+ 110.8)	(+ 63.6)	(- 1.0)	(- 169.3)
IV. 1930-1931	+167.3	+842.2	-380.6	+377.1
Annual Average	(+ 83.7)	(+ 44.1)	(- 190.3)	(+ 188.6)
V. 1932-1936	-78.7	+54.7	-94.3	-360.8
Annual Average	(- 15.8)	(+ 10.9)	(- 159.1)	(- 72.2)
Total	- 152.6	- 340.7	- 1,370.3	+ 1,509.1

Source: *Zaisei Kinyu Tokei Geppo*, ed. by the Ministry of Finance, No. 5, 1950.

Table 6 shows the balance of payments, according to Ministry of Finance estimates which are generally considered among the most reliable. In this table, a shipment of silver

is included in merchandise trade. It assumed that gold shipments in column (4) and changes in outside gold in column (5) consist of payments in gold in column (6). Capital movements in column (7) are badly imperfect estimates and ambiguous. Throughout the whole period, 1904-1936, the import surplus of merchandise trade, 4,261 million yen, was covered by the net receipts of invisible trade, 4,463 million yen, maintaining a favourable balance in the current account. Consequently, regardless of the capital movements, which were really small in amount as compared with total exports and imports, our trade was kept well in balance during the whole period and resulted in a small amount of gold receipts, 340 million yen. The pattern of balancing the payments, however, differs in each subperiod.

In period I, 1904-1914, both merchandise and invisible trade incurred a deficit amounting to about 1,000 million yen, but the deficit was covered with no difficulty by the net inflow of capital, 1,370 million yen, leaving a net receipt of gold of 120 million yen. Following the establishment of the gold standard in 1897, which was made possible by the inflow of the Chinese war indemnity, a good amount of foreign capital flowed in. The Russo-Japanese war expenditure and the post-war industrialization were financed in substantial part by foreign capital amounting to 1,784 million yen in 1904-1914. Thus, it may safely be said that in 1904-1914, because of the enormous inflow of foreign capital, Japan did not actually experience a balance of payments problem even though she engaged in rapid industrialization. Japan did not in this period take any deliberate measures for an export drive, for it is reported that, in 1914, "Japan had two alternatives: either to raise the specie holdings of the Bank of Japan or to adopt deflationist measures whereby to depress commodity prices and so accelerate the export trade... But just when the authorities were on the point of installing this new plan, the World War broke out, changing the financial situation entirely."

In period II, 1915-1919, both merchandise and invisible trade earned enormous foreign exchange, amounting to 3,063 million yen, and consequently there was no worry about the balance of payments pressure. Japan acquired gold in the amount of 1,753 million yen and the remainder was used to pay off old foreign debts and to lend capital abroad in the estimated amounts of 245 and 830 million yen respectively.

In period III, 1920-1929, Japan experienced a huge import surplus, 4,215 million yen, 45% of which was covered by the export surplus of invisible trade, and a net deficit of 2,319 million yen remained to be covered. The Government did not take any positive measures to foster exports but paid a part of the deficit, amounting to 636 million yen, in gold, which was acquired during World War I. A certain amount of capital, 990 million yen, was borrowed from abroad. No satisfactory explanation seems to be available concerning why column (7) of Table 6 shows 9.8 million yen of outflow of capital in spite of a large amount of foreign borrowing. The total of the gold payment and the foreign borrowing is still short of the deficit in the current account. It seems to me that a large part of the shortage was covered by selling our foreign investment carried during World War I and a small part of it, particularly the deficit in 1929, was deferred to 1930-31.

On January 11, 1930, in spite of the fact that the World Crisis had already started, Japan lifted, at the old par, the gold ban, which had existed since World War I. Then, a substantial amount, 842 million yen, of gold was sent abroad in a short period, and consequently the gold ban was restored on December 13, 1931. A part of the drain of gold was accounted for by the deferred payments of the previous year, but a large part of it was due to a rapid capital flight. Thus, it may be concluded that, during 1920-1931 thanks to the gold reserve accumulated during World War I, Japan was able to meet trade deficit without resorting to any deliberate measures for an export drive.

In period V, 1932-36, positive measures for a deliberate export drive started when the exchange rate was allowed to fluctuate freely at the end of 1931 and, internally, a reflationist policy was adopted. The depreciation of the yen was far larger and faster than the depreciation of major foreign currencies, and it went in advance of and at a greater rate than the fall in the purchasing power parity.¹³ Needless to say,

these changes stimulated greatly the expansion of our export volume, though the increase of export volume failed to create an export value surplus because of the great deterioration in the terms of trade. The current account, however, had a surplus of 530 million yen. This surplus was not enough to cover our foreign investment amounting to 945 million yen as shown in Table 6. According to other estimates, our investments in Manchuria amounted to 1,388 million yen for the period 1932-36. Thus, we had a current account surplus, but we were required to ship gold.

In short, the first structural transformation in 1904-14 was made easy in its finance by the inflow of foreign capital and did not necessitate an export drive and the vicious circle. Only in the second structural transformation period of 1932 to 1936, did Japan experience a balance of payments difficulty not because of the pressure of an ordinary import surplus but in order to realize huge investments in Manchuria and to import a large amount of war materials. In the inter-transformation period, the balance of payments deficits in 1920-31 were covered by gold and foreign exchange earned during World War I and neither an export drive nor the vicious circle mechanism occurred.

V. Gains from Trade

It has been made clear that the terms of trade in Japan sharply deteriorated in the two periods of industrial transformation, 1905-13 and 1932-37, but that they remained constant with respect to trend in the inter-transformation period. Moreover, there were so many substantial differences between the two transformation periods that the vicious circle generated by an export drive may be said to have occurred only in 1932-37. In addition, it is expected that there may exist some differences in the gains from trade during 1932-37 as compared with the preceding period. Particularly, in order to judge if the vicious circle did occur or not, it is necessary to investigate the variations in the gains from trade which occurred as a result of different movements in labor productivity and the commodity terms of trade. We shall not be concerned here with wider effects of foreign trade on technological, cultural, social and political changes in Japan. Instead, the analysis will be confined to evaluating gains from trade by means of several kinds of terms of trade. This method of evaluation is not adequate and encounters difficulties in the period of transformation arising from changes in the composition of industry and trade. It is hoped that a better technique of evaluation will be invented in the future.

The net commodity terms of trade may not be a good index of the gains from trade except for short periods when other things such as the industrial structure, the trade pattern, the efficiency of production, etc. remain unchanged, although their changes have impacts upon and stimulate the re-orientation of the economy and trade as a whole.

The income terms of trade are a better index of the gains from trade. The compound rate of growth of the income terms of trade is 5.6% per year in 1905-13, 7.1% in 1921-29, and 5.7% in 1931-36. This means that the contribution of foreign trade to economic development in terms of the capacity to import (i.e., the purchasing power of exports) increased more rapidly in the period of balanced growth, 1921-29, than in the two periods of transformation, 1905-13 and 1931-37.

When technical advances and the reduction in the unit cost of exports in labor and capital are rapid and great, the commodity terms of trade do not represent correctly the real gains from trade. If the commodity terms of trade deteriorate less than the reduction in the unit cost of exports, some surplus still grows, leaving room for raising the real wage level and/or the capitalist's profit. This kind of deterioration in the commodity terms of trade should be strictly distinguished from another kind of deterioration due to a true export drive which is necessitated by overproduction accompanying no technical advance. Thus the so-called single factorial terms of trade may be a better index than the commodity terms of trade.

The unit cost of manufactured goods in terms of labor input remained unchanged in 1914-22, but from 1922 to 1931 it decreased rapidly to 50% relative to 1914, and in 1932-36

it remained again unchanged. The difference of movement between the cost index and the commodity terms of trade may be considered to represent the changes of surplus in our export industry. The surplus increased very much in 1922-31 since the commodity terms of trade declined far less than unit cost, while the surplus decreased rapidly in 1932-36 since the commodity terms of trade deteriorated enormously with unit labor cost fairly constant. The different tendencies noted above are reflected in the movement of the single factorial terms of trade. The factorial income terms of trade are the single factorial terms of trade modified by the index of export volume and may reflect a compound contribution of trade to the real wage level and to the volume of employment in export industries. They show how greatly the gains from trade increased in 1922-29, and that the rate of increase in the gains from trade was slowed down in 1932-36 despite the enormous increase in the export volume. Indices also show the fact that only in 1932-36 was there an export drive under conditions of stable unit cost. Such a situation would tend to set in motion the vicious circle mechanism.

An investigation of similar indices for cotton fabrics and silk as representative export industries may help to clarify in which major industry and in what period the vicious circle occurred. The commodity terms of trade for the cotton fabrics are the ratio of the export price of cotton fabrics to the import price of raw cotton, and those for silk are the ratio of the export price of silk to the general price of wholesale commodities in Japan (no imported material is needed in the silk industry). The cotton fabric exports were more successful than silk exports both in the expansion period, 1923-29, and in the export drive period, 1932-37, although both exports suffered equally severe setbacks in the world depression. Concerning the cotton fabric exports, in 1923-31 the labor cost per unit was reduced to about a third, resulting in a huge increase of surplus, the rapid improvement of the single factorial terms of trade, and a big expansion of export volume. In 1932-37, the single factorial terms of trade became unfavorable because of the deterioration in the commodity terms of trade in the face of a fairly constant unit labor cost. The export drive of cotton fabrics was successful in the sense that the deterioration in the commodity terms of trade stimulated a rapid increase in export volume. Concerning the silk exports, however, in 1923-31 the commodity terms of trade deteriorated at the same rate as the reduction in cost (about 30%), leaving the trend of the single factorial terms of trade unchanged and providing no room for raising the real income level of farmers (earnings from work in the silk industry constitute an important part of farm income). Again in 1932-37, the commodity terms of trade deteriorated further at the same rate as the cost reduction, but the deterioration in the commodity terms of trade and the export drive did not bring about any expansion of the export volume because of the growing competition of synthetic fibers. Thus the vicious circle was more serious in the case of the silk industry and farmers than in the case of the cotton fabric industry and its laborers.

If similar indices for some of the new industries which were growing in 1932-37 were available, their comparison with the cotton fabric and silk industries, which were already stagnating, would be interesting. Unfortunately, reliable data are not available.

VI. Concluding Remarks

I have tried to prove the incorrectness of the hasty generalization of the stereotyped theory that the drive for foreign markets was the motor force of Japanese industrialization over the long run, resulting in a vicious circle between the deterioration in the terms of trade and cheap labor. The vicious circle was confined to 1932-37, the period of war preparation, rapid transformation to heavy industry, and an investment rush to Manchuria. In view of the powerful political and military factors behind the deterioration of the terms of trade and the export drive, it is even possible that the vicious circle played a relatively minor role in the situation. Prior to the 1930's, Japan experienced prosperous decades of balanced growth of industries and trade and steadily raised its real wage level. Since World War II, it seems to me, the Japanese economy and trade have recovered and are growing according to the pattern of the pre-1930's, a pattern which, it is hoped, will not revert to that of the 1930's.

¹² See, Ginjirō Shibata, "Fluctuations of the Exchange Rate and Japan's International Balance of Payments," *The Third Annual Report of the Japan Statistical Society*, 1934, pp. 35-46.

PAPER MONEY IN MODERN CHINA (1900—1956)

REGULATIONS PERTAINING TO THE ISSUE OF BANKNOTES IN CHINA

By E. Kann

PART XXXVIII

CHINESE LAWS AGAINST COUNTERFEITING
PAPER MONEY

Chinese laws dealing with imitating paper money are not too numerous. During the Middle Ages we find, printed on the notes, certain stipulations, warning counterfeitors and citing specific punishments. However, these were not uniform and varied considerably as to time, denomination and ruler. In a juridical sense these are, strictly speaking, not laws, but contemporary pronunciamientos. As such some manifestos are quoted here *verbatim*, merely as an introduction to our theme.

The initial issues of paper money in ancient China were clearly a prerogative of the State which, based upon the principles of feudalism, did not require "Currency Regulations". However, as fraudulent imitations appeared on the market practically from the outset, the authorities deemed it essential to include in the paper money's legend stipulations recording the degree of punishment which a forger of government-issued notes was facing, if caught. Leaving the still unsolved question aside, whether or not "flying money", as well as the early appearance of regularized paper notes during the Tang dynasty (A.D. 618-907) can be considered as representing banknotes, we shall cite here from the wording in translation of some of the inscriptions found on ancient paper money, beginning from the Sung dynasty (10th century), as far as these relate to forgeries.

On a Sung note issued under emperor *Tai-tsu* (until A.D. 962 known as *Chien Lung* era), one finds the following warning:

"The Board of Revenue, having received the imperial decree, prints and issues under the Heavens the Great Sung Treasury Note, to be used as cash. The counterfeiter shall be decapitated summarily; the first informant shall be given 400 taels in silver. *Chien Lung* . . . year . . . month . . . day emitted."

Here follows another example gleaned from a note issued under the Mongol Yuan dynasty (A.D. 1264-1368). The note referred to called for only 10 cash in copper. The clause relating to forgeries translates as follows:

"(He who) counterfeits shall be decapitated summarily. The informer and captor shall be rewarded with 200 taels in silver. If district officials conceal (such guilt), the punishment shall be the same as this (in case of the counterfeiter). *Chih Yuan* . . . year . . . month . . . day."

The wording of threatened punishments is in a somewhat similar strain in succeeding dynasties. Some offer rewards according to the face amount of the note, while others proffer the same recompense, irrespective of the face value of the note. Here follows a third example of the numerous wordings of the clause dealing with counterfeits as found on a note for 10 copper cash, issued during the Hung-wu period (A.D. 1368-1398):

"The counterfeiter shall be decapitated. The informant and captor shall be rewarded with 250 taels in silver, and in addition, shall be given the property of the criminal."

During the Manchu regime (A.D. 1644-1911) no particular laws existed regarding forgery of paper money. The principal reason therefore was that the Manchu emperors—except in very few instances—did not circulate paper money; and, besides, very little other fiat money was found in traffic during those times.

With the advent of the Republic, laws were promulgated, though not separately for fiduciary money, but in conjunction with metallic money. From a translation of the Chinese text of the "Provisional Criminal Code of the Republic of China," promulgated by Presidential Mandate of March 10, 1912, and relative to the offences against forgeries of banknotes and coins, we extract the following provisions concerning paper money:

"Article 229. Whoever counterfeits any current coin of the Republic shall be punished with imprisonment for life, or for a period not lighter than the second degree.

Whoever utters any coin counterfeited by himself or, with the intent to utter same, delivers it to any person, shall be liable to the same punishment.

Any banknote issued under the order, or with the permission or authority of the Government, shall be deemed to be current coin, of the Republic.

Article 230. Whoever counterfeits any foreign current coin which is in circulation in the Republic, shall be punished with imprisonment for a period from the first to the third degree. Whoever utters such foreign coin counterfeited by himself, or with the intent to utter same, delivers it to any person, shall be liable to the same punishment.

Any banknote issued by a foreign bank and in circulation in the Republic, shall be deemed to be a foreign current coin."

The new Criminal Code of 1928 substituted the "Provisional Criminal Code" of 1912; it became effective on July 1, 1928. The Articles relative to the counterfeiting of paper money contain the following provisions:

Article 211. Whoever counterfeits or fraudulently alters any current coin, paper money or banknote, with the intent that same may be put into circulation as standard currency, shall be punished with imprisonment for life, or for not less than five years; in addition to which a fine of not more than 3,000 yuan may be imposed.

Whoever collects any counterfeit or fraudulently altered current coins, paper money or banknotes, with intent that same may be put into circulation as standard currency, shall be liable to the same punishment.

An attempt to commit an offence under this Article shall be punishable.

Article 212. Whoever puts into circulation as standard currency any counterfeit or fraudulently altered current coin, paper money, or banknote, or delivers to another any counterfeit or fraudulently altered current coin, paper money or banknote, with intent that same may be put into circulation as standard currency, shall be punished with imprisonment for life or for not less than five years, in addition to which a fine of not more than three thousand yuan may be imposed.

Whoever, not knowing any current coin, paper money or banknote, to have been counterfeited or fraudulently altered until after he has obtained possession of the same, puts such coin, paper money or banknote, with intent that the same may be put into circulation as standard currency, shall be punished with a fine of not more than 2,000 yuan. An attempt to commit an offence under Section 1) of this Article shall be punishable.

(Articles 213 and 214 deal with metallic money only)

Article 215. Whoever manufactures, delivers or receives, any instruments or materials with intent that the same may be used for the purpose of counterfeiting or of fraudulently altering any current coin, paper money or banknote, or for the purpose of reducing the weight of any current coin, shall be punished with imprisonment for not more than five years, in addition to a fine of not more than 1,000 yuan which may be imposed.

Any fraudulently altered coin, paper money or banknotes, and the instruments and material specified in Article 215 shall be forfeited, whether or not they belong to the offender.

Article 217. Whoever commits any offence under this chapter may be deprived of his civil rights in accordance with the provisions of Articles 57 and 58."

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DEVELOPMENTS IN SINGAPORE

Constitution

Following a fortnight of discussion in London between Singapore's Constitutional Mission and the Secretary of State for the Colonies, final agreement has been reached on the text of the new constitution for Singapore's next step ahead. The Mission consisted of the same members as for the 1957 talks when the general pattern was agreed. This emphasised the unity and the continuity of the Mission. As the Chief Minister said in his broadcast before leaving for the talks, "My confidence is based on our unity. The members of our Mission represent Government and the two Opposition parties, and are the same, small compact team as went to London last year. We remain united in honest purpose and without second thoughts or hesitations because we feel we represent a united people in Singapore."

He added, in comment on the increased heat of political dissension, that "It would be a paradox and a tragedy if at the time when our family was at its biggest, our powers at their fullest and our problems at their fullest, our disunity appeared the greatest in fact or in word." There had been criticism of the Mission on the grounds that there was not work enough to justify the expense. But apart from the need that not only should there be unity, but that there should appear to be unity, there are many slips between the project and the details of the legal blue-print. It was better to have those who agreed the basic principles assure themselves that they had not been lost or transmuted in the process of legal draftsmanship.

The Mission left in full agreement that the fundamental issues were not to be re-opened. The 1957 agreement—no less, if no more. They had in mind particular problems of clarification—29 was the reported figure—but these were deferred for agreement among the members of the Singapore Mission on the spot once the Colonial Office proposals were known. There was little public discussion before the Mission left nor has there been much discussion during the talks. Even Mr. Marshall for the Workers Party raised little controversy although while supporting the anti-subversive clause, he opposes the proposal for an Internal Security Council and its implication of independence only through merger with the Federation of Malaya. In one speech he lumped together Malta, Cyprus, Aden and Hongkong as proofs of the "re-emergence of a relentless imperialism" whose "sharpened claws are working through local quislings". But the earth did not quake as formerly it would. The only new proposal came from the newly formed Singapore Indian Congress which asked for reserved seats in the Legislative Assembly for minority communities. But the Chief Minister, for the delegation, replied that this would perpetuate communalism and that the protection of Malay and minority interests would be written into the new constitution.

No surprises have come out of the talks. In fact the basic pattern of the constitution is identical with that proposed by the Marshall Mission in 1956—a Singapore citizenship as the basic electoral qualification, a fully elected Assembly of 51 members, a Council of Ministers selected from, and responsible to, the Legislative Assembly, with the Prime Minister at the head, and Yang di Pertuan Besar as Queen's Representative. Again there was agreement in principle that, through a High Commissioner, the U.K. would retain responsibility for external defence and external affairs, with devolution of initiative in matters of commerce and culture to the Singapore Government. The problem of internal security which proved insoluble in 1956, was solved in 1957 with the proposal of an Internal Security Council with 3 members from the U.K. Government, 3 from the Singapore Government, and 1—the effective casting vote—from the Federation Government. This basic pattern remains, and it was accepted in Singapore that it would remain. The Federation Government has re-affirmed its readiness to accept membership of the Internal Security Council. Compared with this, the points on which agreement has been announced in the communique after the Conference, are comparatively minor. Consultation on the appointment of the Yang di-Pertuan Negara, the precedence of the High Commissioner and extent of his access to Council of Ministers papers, pension rights for the public services, the setting up of a Services Lands

Board, and the relationship of the military bases to the Singapore Government in matters of police and taxation—these were spelled out in detail.

One political point, however, is of major importance—the pre-condition required by the U.K. Government "barring persons detained in Singapore for subversive activities from participating in the First Assembly." The Singapore delegation protested in 1957 and opposed it again, but without success, except to keep it out of the constitution. The stipulation will now be set out in a separate Order-in-Council. Mr. Lee Kuan Yew has been suggesting that the P.A.P., if in power, might ask for an early dissolution of the Assembly to hold an election in which they could take part. But there is general acceptance of the provision as necessary, if unfortunate—and the Opposition is not to the need to preserve the new State of Singapore from subversion at birth, but to the method proposed, and the source of the proposal.

The Crown Colony will pass, yielding place to the new State whose future now lies with the electorate to make the government "responsible" in the descriptive as well as the constitutional sense. In his broadcast already quoted, the Chief Minister emphasised that "the same spirit of unity which has brought us so far in so few years will be not less, but more, necessary in the months and years immediately ahead." He concluded by saying "Only our own devoted and single-minded efforts can now achieve the substance of self-government. That is challenge enough for any community at one time. Merdeka and Majallah—Be Free and Grow—Power and Prosperity for the People—these are matters too serious to be empty slogans: they define the assignment we pledge ourselves to fulfil."

After the talks he expressed the general satisfaction of the delegation at their success, though Mr. Lee Kuan Yew added the comment that he was not so trustful as the Chief Minister, and the going had been harder than he had suggested. It is in this attitude rather than in detailed differences that the difference of interpretation lies, and that will determine the way in which the constitution will be worked. Dr. Toh Chin Chye, the Chairman of the PAP, has said the constitution will work for 5 years but that with it, they will push forward their internal programme. But the basic fact remains that all the political parties represented in the Assembly accept the constitution, accept the position of Singapore as a base, and agree that further constitutional change can only be towards the Federation and therefore in a Malayan setting which distinguishes them from those who are already looking through the doors of self-government to Peking. Only the Workers Party stands for independence before, and irrespective of, merger. But that Party is divided in itself and one of its most active City Councillors has announced his resignation.

In simpler form in a broadcast to schools on Commonwealth Day, the Governor, Sir William Goode, set the new challenge in the setting of the day, when he said: "We are not brought up to be all alike; we are brought up to be ourselves and it is our differences that make the Commonwealth family such an interesting and happy—and strong—one to belong to. And we in Singapore, where boys and girls of very different races work and play together, can appreciate all the more how good it is to be members of such a family of many talents. We in Singapore should know better than others how great is the wealth which we share in common in the Commonwealth—the wealth of friendship and the wealth of happiness."

Health

Singapore has always been proud of the rising standard and wider range of its medical services. Most recent and most imaginative of its medical institutions is the Institution of Health which was opened by the Acting Chief Minister and Minister for Health Mr. A. J. Braga. It is unique in many ways. It is a centre where the University through its Social Medical and Public Health Department, the City Council with a Maternal and Child Welfare Clinic, and the Government Ministry of Health with School Health, Dental and T.B. clinics meet together in a new and brightly coloured building of modern design. Research, training of medical students and

health visitors, clinic activities and health education are combined as aspects of one united medical exercise. It is situated near the Faculty of Medicine, and adjacent both to the declining China town and the expanding Queenstown. Within a mile and a half radius live a quarter of a million people. 75% of the cost of \$2,000,000 represents a grant from the Colonial Development and Welfare Fund. The World Health Organisation has assisted with staff and the U.N. International Children's Emergency Fund has provided \$60,000 worth of equipment. It is in the words of Mr. Braga in his opening speech "a practical example of creative international co-operation". At the opening ceremony, the Acting Chief Minister, the Mayor of Singapore, the Commissioner-General, and the senior Pro-Chancellor of the University of Malaya presided jointly over the opening of an institute where harmony was complete in project and practice. Again, to quote Mr. Braga it was a "laboratory of citizenship, of public health in politics, not politics in public health."

He described its scope and its setting when he said: "The community will be the great gainer from this striking addition to our health services. It will improve the standard of training of health staff; it will give new services to the people; it will provide the facilities for field research which are essential to our progress, by the study of our own problems and analysis of our own experience at firsthand; and with the growing reputation of the centre more research students will be attracted from the best medical schools of our region and of the world; and the social workers, co-operating with the medical services, will find here greater opportunities for successful work."

"And the University whose professional services will be available both for treatment of patients and for training will have greater facilities for teaching their students and carrying out their essential research. In these days of our new family of citizens, I hope we will always regard this Institute of Health in a very real sense as our family clinic with its motto 'No Commonwealth without Common Health'."

The Child is Father of the Man

The Second medical occasion has been the First Asian Regional Paediatric Conference organised by the Singapore Paediatric Society under Government sponsorship. It opened with 70 representatives from 12 overseas countries. Opening the Conference, the Minister of Health said: "Our battle for health knows no national or racial boundaries, and, in conferences of this kind we can build up a personal feeling of comradeship in a common humanitarian task."

Its topic, he said, was one of "special urgency in this old continent of Asia which, in population as in politics, is recovering its youth. The population of Asia within the next 15 years will be as numerous as the population of the world today; and a larger proportion of that population will be children and adolescents. Our figures here in Singapore are perhaps the most striking illustration of this trend. Of our present population of a million and a half, 50% are 21 years of age or under; and in 1965 when our population, on present trends, will be two million, 46% of them will be 14 years of age or under. At that rate, instead of paediatrics being a branch of medicine will become a branch of paediatrics!"

If the problem confronting them was ambitious, it was one of the highest challenge. "When in Asia we can cross the watershed and feel that for our peoples, we can talk of the joy of life rather than the burden of life, we will be on the way to a magnificent achievement. Our sights may be set high, but those of you who see human lives, potentially the most beautiful things, shackled and defaced by disease, have surely the greatest incentive of all to make the effort, and to stimulate the striving for health among the people. For we cannot remind ourselves too often that the tests of political achievement are in the daily life of the man in the street and the woman in the home and the child in the school."

Those who see the problems of Asia today as epitomised in the sick child, the victim of his social and family environment and inheritance, are perhaps the realists and not the sentimentalists of today. Humanitarianism is bigger than any political creed."

Queenstown

Coming as an "Envoy" to the long career of Mr. J. M. Fraser, Manager of the Singapore Improvement Trust, who

leaves Singapore soon, comes the final report on Queenstown of the New Town Working Party. Many as have been the post-war changes in this bulging city, no one man has guided its development as much as Mr. Fraser who can say of the large and colourful and well-designed development areas, what was said of Sir Christopher Wren and St. Pauls—"If you seek his monument, look around you".

The 567 acres of the land of Queenstown surrounds the swampy source of the Singapore river. Before the war, said the report, "the land was covered by scrub, swamp, vegetation and coconut and fruit trees and there were some hundreds of people living in attap huts in the area, cultivating vegetables, sowing fruit, and rearing pigs and chickens." On this site the S.I.T. has aimed to build a "self-contained and balanced community within the Master Plan for Singapore" and in spite of the pull of the main city whose centre is only 5 miles away, the hope is expressed that it will build up its own community. Planned for 53,000 residents, the township is divided into five neighbourhoods each with its own focal centre. The average density of population will be about 110 per acre. In deciding the size of houses, 30-40% will be two-room flats and 40-55% three-room flats. As the population is large in the school-age group, provision is made for 18 primary schools for 10,000 pupils and 3 secondary schools for 2,100 pupils and 1 Junior Technical School. Community Centre activities will be focussed on these schools. Hospitals and Health Centres, Churches and Cinemas, Post Offices and Police Stations, and industrial estates both within areas adjacent to the township are included in the detailed and practicable plan which it is hoped can remain flexible without losing the basic pattern of spaciousness and amenity, of community focus and essential services on which the planners have pinned their dreams to a blue-print.

Economic Temperature-Taking

In its Annual Report, the Singapore Manufacture Association discusses the prospects of industrialisation in Singapore. It agrees that protection is not possible in a great trading port, though similar policies in the Federation and Indonesia are adversely affecting Singapore's trade. It points to the need in Singapore for "political stability, the confidence of the outside world, security and a sound currency". While the outstanding problem, the Report says, is to finance employment for the growing number of young people entering the labour market, there is no increase in employment by the members of the Association "as a result of political developments in surrounding countries, the custom tariff of the Federation and the recession in world trade". In a "rather grown" situation, the only positive feature is considered to be the great improvement in labour relations.

Nanyang University

The immediate issue over the Nanyang University is the recognition of its degrees—and its academic rather than political nature has now been recognised with the agreement by Government to the five names proposed by the University for membership of a commission to adjudicate on the Standards of the degrees. They are Dr. Hsieh Yu Min of the San Thomas University, Marulas, Dr. Mei Ee Chi, of Taipah; Dr. A. F. P. Hulsewa of Leyden University, Holland; Dr. S. L. Prascott of the University of West Australia; and a nominee of Harvard University yet to be made. Eclectic and distinguished enough a board to ensure a fair adjudication free from political or communal influence. A further move towards academic recognition was the visit of 45 members of the Council, Senate and staff of the University of Malaya to Nanyang University—the first official visit of its kind. Professor Oppenheim, the Acting Vice-Chancellor said after commenting on the enthusiasm of staff and students alike, said the Nanyang University had the right kind of people to make it a success and hoped they would soon get the recognition, their devotion to, and enthusiasm for, higher education deserved. In their partnership, he saw "a way ahead to a happier future. Mr. Tan Lark Sye in reply looked forward to growing brotherliness and goodwill between the two Universities. "The University of Malaya may be progressing through English and Nanyang University through Chinese, but—we will achieve the same goal—the promotion of the interests of the people of Malaya."

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FAMILY PLANNING IN HONGKONG

By Rev. R. Trueman

Family planning has been possible for men and women ever since they first came to understand why babies were conceived. Anthropologists have studied primitive peoples and found that some of them have deliberately spaced out the births of their children, or limited the total size of their families. Often the tribe has enforced a certain code of behaviour by means of tabus regulating married life. And always individual men and women have been able, if they thought the matter urgent enough and could restrain their natural instincts, to limit pregnancies or space them out more widely. Some primitive peoples have even developed simple methods of contraception that permitted normal sexual intercourse, but reduced the chances of conception. But it is only recently, since the discovery of efficient means of contraception, that family planning has come to have its modern meaning, and its modern importance in human life.

Most countries in the world now have at least some family planning clinics. The clinics exist to serve individual couples, and most clinics not only help people to avoid having unwanted children, but also give advice, and sometimes treatment, to unfortunate married couples who have not been successful in having children. Whether people want to know how to have or how to avoid having babies, the family planning movement helps them, and makes thereby a vast contribution to happiness in married life. But this concern for personal happiness is only one reason for the importance of family planning. The fact is being more widely realised that society as a whole is interested in knowing who has children, and how many they have. A cautious British Royal Commission studied the birth-rates in different classes of English society, and expressed concern that individuals of high intelligence (as far as this can be estimated) seem likely to have fewer children than the less gifted members of society. If this trend should continue for long, it would have an effect on the genetic make-up of English society. Social conditions would be exerting selective pressure to favour the unintelligent, and human evolution would be acting in reverse. In such a situation the work of the family planning clinics has the desirable effect of evening out the birth-rates in England. The less intelligent families often have many children, not from choice, but because they do not know of, or cannot be bothered to learn, any efficient contraceptive technique. To make information and appliances more easily accessible is not to force them unwillingly to limit their families, but to offer a social service they appreciate and use.

But the most urgent reason for family planning is not the peace of mind of individual married couples, nor the avoidance of genetic wastage in certain Western communities: it is the need for action to limit the explosive growth of world population as a whole. As medicine has progressed in the West, infantile mortality has decreased, more diseases have been conquered, and the average expectancy of life has risen to nearly three-score years and ten. In advanced industrial societies the birth rate has slackened off: most parts of Western Europe have an approximate balance of deaths and births every year: North America has a steady but moderate increase.

It is in places like Japan or India or South America that the population explosion is most violent. There the modern techniques of "death control" have in a few decades vastly increased the proportion of individuals who grow to maturity and have children: but there has not been a corresponding spread of birth control to maintain equilibrium or produce a manageable rate of increase. As Malthus prophesied, human population is now tending to grow at a rate much faster than the present, or any foreseeable, increase in food production. A hundred years ago there were about one thousand million people alive: there are now about three times as many. And the rate of increase continues to accelerate. Egypt's population, for instance, goes up by almost three per cent per year.

* * *

The situation in Hongkong is a complex one. The number of people here has fluctuated violently in the last twenty years. War, and then the political changes in China,

brought many thousands of refugees, and even now there are some who keep filtering in. But in Hongkong today it is not possible to distinguish between refugees and native Hongkong Chinese. The present population estimated at about three million is here now, and not many are likely to go away. And this already overcrowded population is further rising. But we are used to astronomical figures, and an extra nought or two hardly moves us. Only if we think of it in human terms do we see the true situation.

There is a cobbler in Kowloon who lives in a small wooden hut. He works hard, and so does his wife, and they deserve our admiration for the way they look after their five children: it is obviously a happy family. But only one of the children is in school, though the second one is just seven years old, and the third one nearly six. The boy who does go to school goes to an evening session, and does his homework on the pavement. The cobbler cannot save any money. The children cost more every year to feed and clothe, and his wife is expecting her next baby soon. Somehow they will manage to live in their wooden hut. Perhaps when the eldest boy is old enough, he will help his father with the cobbling. But there are many other little shoe-menders, and life is not easy. This is one of the lucky families. We rarely see the other kind of family, living in the bed-space in the apartment house—eight or nine children looked after by their grandmother, with the mother out at work in a cotton mill, and the father ill or out of work. For these people the shortage of schools and hospitals and housing is not a matter of abstract statistics. They know hardship and undernourishment. Often mothers like the shoe-mender's wife, or the mill operative, do not want any more children. But, living in such conditions, how can they manage to practice contraception? Man and wife have no private bedroom with bathroom attached; and yet they are man and wife, and should rightly be able to live together as such.

There are today scientists at work in their research laboratories round the world, trying to perfect a simpler, cheaper contraceptive than any available as yet. If the poorest families in Hongkong could obtain, free, a pill that could be taken like an aspirin tablet and that would prevent conception for a time, there would be many mothers of six and eight children eagerly coming to get a supply. But so far there are only the well-known types of rubber or chemical contraceptives, and the task of training ordinary people to use them is no easy one. Much has been achieved already however, though in this kind of social welfare work there can be no imposing resettlement blocks, or school buildings, or new hospitals and clinics to point to. Yet welfare work it is, for the happiness of individuals, and the welfare of society. If we can help parents to prevent the birth of even one hundred unwanted children, we have helped so many mothers in a time of real need, and we have prevented that much extra demand for housing and schooling and hospitals.

There is, of course, the old Chinese tradition that it is right and proper to have many children. At a time in history when disease might carry off as many as fifty, per cent of the children before they reached maturity, and at a time when China's population was still expanding to fill her great country, such a tradition was justified and good. But now in Hongkong, and China too, there is no need to allow for such a high mortality in infants and children. Hongkong and China want to raise their living standards, to have better health and education and housing. A constantly growing population makes these things impossible. We need to think out and really understand that if every couple has an average of three children only, that still represents a considerable growth in numbers. The necessary change in popular ideas is not by any means unthinkable. English Victorian families were as large as Chinese ones, but the ideas were changed to fit the new circumstances of England and the world.

The Roman Catholic Church believes that the prime function of sex is the procreation of children. It therefore

HAWKERS IN HONGKONG

(A Report by the Urban Council, Hongkong)

There have always been hawkers in Hongkong, and from early days it has been recognized that their activities should be controlled by Government. The problem of hawker control has grown with the growth of population, and the official attitude towards the problem has undergone a gradual but distinct change from that of advocating suppression of a nuisance to that of accepting and tolerating an activity for which there is an obvious demand and which plays a recognised part in the retail trade of the Colony. No satisfactory solution to the problem of hawker control has been achieved, despite many attempts. It would be presumptuous to claim that the proposals contained in the report will provide this solution; it is only suggested that they may, if adopted, achieve a greater measure of success because they are concerned less with theoretical arguments about hawking and more with the detailed situation as it now exists in certain parts of the urban areas. The proposals are concerned entirely with methods of achieving control in the public interest with the reasonable needs of hawkers in mind. The report is not a post-mortem; it is an antenatal examination of policy.

Hawkers, by definition, trade in public places. They gather in dense masses seeking business from people who would in any case be shopping in the neighbourhood and, even when business is over, leave as much of their trading

argues that it is wrong to use sex, even in married life, for enjoyment only, taking deliberate precautions to ensure that conception should not occur. Most other people who think about this question believe that sexual intercourse in married life is in itself a good and God-given thing. Roman Catholics believe that it is against natural law for men and women to have sexual intercourse without at the same time being ready to accept the possibility that a baby might be conceived. Others argue that what is truly natural for man is that he should use his intelligence to meet changing circumstances: contraception may of course be used for selfish ends, but may also open the way to a positive good, namely a married life of mutual love and self-giving, in which children are not merely accepted but wanted and welcomed. This difference of opinion is serious, and cannot be overlooked. But the Roman Catholic Church does recognize the problem of the world's expanding population, and does not by any means demand that its faithful church members should have as many children as possible. The reverse is rather the case: good Roman Catholics should have only as many children as they can properly care for. Thus, although the disagreement about methods remains, there is a considerable area of agreement on the basic issue.

The greatest hindrance to those who try to tackle this problem lies, as so often is the case with the real problems of life, not with those who come to different conclusions, but with those who refuse to face the problem at all. There are always so many Micawbers who think that the situation is not so bad really: something may turn up after all. The advocates of any great social reform must not be surprised by the apathy of the great majority. When Wilberforce in England, and the Abolitionists in the United States were pleading that men put an end to slavery, they were called cranks and fanatics. The English Factory Acts of the nineteenth century were passed only after years of cruel exploitation of Lancashire mill-workers and untold efforts by Lord Shaftesbury and his few supporters. So today it seems to the advocates of family planning that this is perhaps the most obvious social need of the world we live in. They think of every method they can to stimulate interest and spread information. It seems to them that they must be wearying the public with their constant reiteration of the same old theme. They need not be anxious on that score. The great public has still hardly noticed what they are trying to say. It is a slow thing to make men understand anything from which they do not draw immediate and visible profits. We must keep on arguing and persuading, and when everything has been said already many times, it is still our duty to begin at the beginning, and say it all over again.

accessories about as they dare. Because of low overheads they provide cheap retailing and the profits are large enough to support many poor people. It is submitted that the policy of the Council should be to accommodate as many small-scale traders as the public seems to demand; to bring as much orderliness to the dense crowds as is necessary for good trading and the convenience of the public; and to ensure that streets are cleaned thoroughly. The policy cannot be pursued regardless of other aspects of the public interest and its application must take into consideration the special features of each locality. The largest group of hawkers is that which sells food not sold in markets. The majority sell vegetables but others sell fresh and preserved eggs, preserved fish and preserved vegetables. Fresh meat, fresh fish, fresh shellfish and other sea food are prohibited articles for hawkers because these foods either go bad so quickly that sale by hawkers is dangerous or, in the case of some shellfish picked up near sewer outfalls, they spread disease. These commodities are not sold in large quantities by hawkers except in north Kowloon, though there are signs of increasing activity on the Island. Rice is not sold by hawkers or in markets. In order to get business these hawkers gather near markets or food shops where shoppers must go for meat and fish. Because many of the commodities they deal in are perishable, they usually trade in a small scale so as to sell all their stock every day and get fresh for the following day.

The second large group of hawkers is the cooked food hawkers. They sell to people who eat away from home. Apart from these two main groups there are the ones that might be called specialists. They operate several kinds of small trade, but group themselves together to form perhaps the only group of hawkers selling a particular commodity. Well-known examples are the "Cloth Street" textile hawkers, the "Cat Street" hardware and curio dealers, the "Haam Yu Laan" wholesalers of preserved sea food of all kinds. Other less well-known examples are the Yu Chau Street cloth hawkers, the Nan Chang Street artisans, and the Canton Road steel and electrical hawkers. The specialists do not attract huge crowds, but their failing is that to make good money they tend to expand in all directions. It is not uncommon to find that specialist hawkers sell the same commodities as shops nearby. When this happens, it is known that shopkeepers invest in hawker stalls in self-defence and to boost their trade. Shopkeepers cannot get a licence, but can nominate "assistants" with the agreement of the licensee.

Finally in Central District and Wanchai there are what seem to be miles of street choc a bloc with hawkers who do not really fit into any of the other categories. They sell nearly all the commodities sold elsewhere and spread so far away from markets that they clearly do not depend entirely on market customers. The fact that there is practically no control in the densest hawker areas does not mean that there is perpetual disorder, but there is evidence that when Government control is weak triad societies step in and extort money for the privilege of hawking unmolested. If Government supplies this control and protection in return for a licence fee, there will be less room for triad activities among hawkers. A statement of principles follows, but it is not intended that these be adopted for any purpose other than as a guide in formulating plans for individual localities. Local plans would form the subject of separate papers, and action would not be taken before the endorsement of plans thus submitted.

Hawkers near Markets—These hawkers were perhaps the first to start business and new groups are continually forming. So long as they trade in a small way clearing everything away at night and do not gather in large numbers by day they cause no trouble. But once a group gets well established a few expand their business to the extent where some sort of stall for displaying their goods is necessary. Uncontrolled, stalls have never been thought a good thing and once it appears that

stalls are necessary, approval is given for a small stall on a fixed pitch. Business grows, stuff gets left behind at night, new small men flock in as pedlars, and the end result is the appalling melee round so many markets. The twin problems of congestion and rubbish dumping reach proportions which Government cannot allow to go unheeded. When walking in one of these very crowded places at the height of business, one despairs of ever getting any control. But there are two natural limits which make control possible. The first is time, for business operates intensively only from 8 a.m. to 11 a.m. and from 2 p.m. to 4 p.m. There is time for a good clean up every day. The second limit is space, for in nearly all places the really dense crowds are confined to short lengths of street.

Around a busy market to-day we find fixed pitch or stall hawkers which are supposed to be arranged in row and sizes which would work quite well if there were no pedlars. But there are pedlars and so many of them that the only policy towards them is to keep them off main thoroughfares. The result is that fixed pitch and stall hawkers—who should keep to their pitches—are subjected to competition from pedlar hawkers who can range freely over all but the main thoroughfares. The pitch and stall hawkers fight back by trading off pitch or expanding their stalls. Their licence acts as a charm against beat Policemen, who have no idea where their particular pitch should be, and when any Urban Services Department staff appear, the licence is pocketed and the man becomes an unlicensed pedlar against whom, under present arrangements, no action is taken by hawker staff. The open spaces near markets which look so orderly on plans showing licensed fixed pitches are, when you see them, conglomerations of store rooms, hovels or just plain rubbish surrounded by a fringe of stalls in business. The pedlars who have the freedom of the street between the open space and the market do all the business. The inevitable conclusion one must draw from this is that it is impossible to have pedlars and stalls in competition in the same place. All the hawkers in any place must obey the same rules which must be simple and well-known to every public officer concerned with their enforcement and understood by the hawkers themselves. If all the hawkers near a market are to be put on the same footing this must be the footing of the most mobile, that is to say, the pedlars who swarm in every day to trade from the best spot they can find. Nothing but an army could exclude pedlars from a market area and if either stalls or pedlars must go then stalls must go.

What would this rule mean to the public and to the hawkers? The obvious complainants are the handful who have been lucky enough to get a pitch or stall on the edge of an open space which is almost as good as anything a pedlar can find. These hawkers have usually so expanded their business that they own small shops and compete with pedlars by offering a variety no man can carry round with him. They may well be supplying large buyers like restaurants. They often have a foki or a relative in the pedlar business drawing stock from the main stall. Some are elderly people who would have difficulty in competing in the pedlar trade. Loss to these people there would be but those in bigger businesses which, by their nature do not rely on proximity to a market, can be granted fixed pitches clear of the general mass of pedlars. Those who deal only with housewives will have to turn pedlar and do business on a small scale. Once a start is made with individual areas, it will be necessary to try to continue the present policy of mixing welfare with hawker control. In some places it will not be possible to have both. But turning all hawkers nearest markets into pedlars will not reduce the demand for hawkers' services by the public. The net result will be more hawkers doing smaller businesses. While a few big men will have their profits reduced, a chance will be made for more small men to operate and thus spread the profits from this trade over more people than can enjoy them at present. The really big men will be forced into shops and that is where big businesses should operate.

Having got this group of hawkers mobile the next question is where will they operate? Even given a free hand by day they are bound to form some sort of lines along streets because no one can do business with a solid mass of hawkers. But one is dealing with perhaps two or three hundred hawkers at the peak hours selling to a further six or seven hundred customers in a narrow street. In Kowloon at about 10 a.m. during the wet weather in May there were 5,000 hawkers selling to

11,000 people in 25 places. A further 5,000 were found on Hongkong Island. And these figures refer only to the worst areas. There are probably as many again in other places. It is difficult to think of any similar crowds that are left to look after themselves. The case for a few "traffic policemen" to see that law and order is maintained seems to be overwhelming. Without any control there are fights and arguments and one could not expect hawkers to stick to lines and allow vehicles or pedestrians to move freely. There would certainly be considerable improvements in hawker areas around markets if rubbish and hawker paraphernalia were removed every day, but the problems of congestion cannot possibly be tackled by hoping hawkers will stand aside to let each other pass. By saying this there is no implication that staff would have to be present in large numbers bullying and arresting a mob of unruly hawkers. Indeed, the intention is that the presence of some authority will prevent disorder by ensuring that hawkers stick to their right areas. And we may expect them to do so if the areas are intelligently arranged. What is wanted is a few men on point duty to see that chaos does not arise: not a raiding party which turns chaos into panic.

These arguments lead to the concept of a hawker bazaar. Approval in Select Committee has been given for the establishment of such bazaars in Tai Hang Tung and Li Cheng Uk Resettlement Estates and an explanation of the goal is necessary. The bazaar will be a place where hawkers can operate by day but from which they must remove everything at night. To be successful, the boundaries of the bazaar must be clearly defined physically and in law. Unless hawking outside the bazaar is dealt with severely its whole object is defeated, for if, as in several cases, the bazaar is to be across the road from a market, no one will trade in the bazaar if they can trade in the road itself. Admissions of hawkers to the bazaar should be freely given on purchase of a licence. The numbers should be controlled by supply and demand and not by quotas on licences. A quota system would be very difficult to operate fairly and would lead to the rackets that spring up wherever a restrictive quota is imposed. Bazaars should be able to accommodate slightly more hawkers than normally wish to make a business so that there is always room for any found outside. Care would, of course, have to be taken to see that gangsters do not operate their own quotas, but this should not be difficult if plenty of space is used and if staff are on hand to see fair play when hawkers arrive in the morning. Eventually when hawker bazaars have been set up wherever they are needed, all other streets will be prohibited areas. The itinerant hawker who causes obstruction in the streets will disappear and will be accommodated in the bazaars. To avoid making a fertile field for triad activity, bazaars must be run in an orderly manner. The aim should be to have pitches in the bazaar allocated daily or weekly by drawing lots. The declaration of large areas round the bazaars as prohibited hawker areas will only be satisfactory if there are sufficient Police and other staff to keep them clear. Bazaars can be set up on open spaces adjoining many markets. In other places the streets will have to be used and perhaps closed to vehicular traffic for certain hours of the day. In these places the aim should be to reconstruct the market with provision for a hawker bazaar on a floor within it. To sum up, it would be possible to deal with hawkers' rubbish in the evenings by making them mobile, by taking stronger legal powers of seizure and using the present night scavenging staff. One cannot attempt to deal with congestion by day without control staff on duty among the hawkers during trading hours.

Cooked Food Stalls—The cooked food stall licence is the most valuable hawker licence the Council can grant. In a good site stalls can get business all day and all night. The licensees, who are deserving welfare cases, seldom have the capital or the ability to run a cooked food stall and leave the entire management to someone with money and enough experience to get the business going. The licensee draws a daily fee as a sort of rent. Whenever business is good the stall operator spreads tables, stoves, crockery and food over the surrounding road, in scavenging lanes or on pavements. The lack of control over this type of hawker has led to the complaint that he is using the public street as though it were his own private premises. The justification for the cooked food stall is that even though hygiene control is poor the stalls do serve cheap meals or snacks to many poor people, but this justification is weakened

when customers are people who could well afford to patronize a proper cafe or restaurant.

In order to try to find out a little more about the scale of business a cooked food stall might carry out, a long drawn out experiment was carried out with a group of cooked food stalls in Maple Street, Stamford, in late 1956 and early 1957. In this experiment various areas of roadway were allocated to the stallholders to seat their customers. The experiment showed that however large an area for seating accommodation was allowed it was filled up. But the greater the number of customers the more cooking and food preparation had to be done in the scavenging lanes off this street. The Council reached the conclusion that a cooked food stall could not cater for more than two tables of customers as well as those allowed on benches round the stall without extending its cooking facilities. As a part of the study which has led to this report, a survey was made of all cooked food stalls to find out the extent of obstruction caused and something more about the sort of business done. At the time of the survey (11th-15th June, 1957) there were 1,378 authorized sites, and licences had been issued for 1,228 of these sites. Cooked food stall structures were found on 1,206 of these sites, but 121 structures were not in use. There were 1,087 stalls in operation during the week of the survey. Near to these 1,087 stalls and in use at the time of greatest business there were: 3,582 tables for customers; 1,246 stoves over 1 cu. ft. (i.e., excluding chatties); 4,393 other obstructions each larger than 1 cu. ft. A total of 9,221 obstructions each one of which renders the licensee liable to prosecution.

When the law is flouted on this scale drastic action is required. At first it was thought that the position should be regularized by allowing in the law the practice of using extra tables for seating customers. Although the Maple Street experiment showed that a cooked food stall could cater for two extra tables, it was known that in only very few cases would it be possible to allow the use of any tables without causing obstruction in the roads or on pavements. But obstruction is not an easy term to define. If tables were to be allowed in special cases, the decision to allow or disallow would nearly always be open to criticism. It is therefore considered that the law should not be amended to permit any tables. If it appears that by removing the illegal tables substantial numbers of poor people are done out of a cheap meal, the remedy would be not to allow existing licensees to use tables but to license more new stalls in that district.

The survey also included a study of the sort of stuff sold by cooked food stalls. The conclusion is that they mostly sell light snacks or operate as coffee stalls. Only 20% offer full dress meals. Less than one per cent of stalls try to mix two or more of the four main classes of businesses—i.e., noodle stalls (32%), coffee stalls (27%), congee stalls (20%) and full meal stalls (20%). The stalls do not do business all day and night though some of them get pretty near this. The pattern of business hours varies so much over the urban areas and for different types of stalls that few conclusions can be drawn from the general figures. The survey serves to confirm that the scale of business being done by cooked food stalls is far in excess of that which was originally intended. The unpleasant choice of cutting down the activities of the hawkers or allowing a perpetual state of congestion faces the Council. Speaking generally it is the first alternative which should commend itself because the streets are too narrow and traffic is too heavy to be able to use large stretches of them as restaurants. The widespread, almost universal, sub-letting of cooked food stalls and the heavy capital investment in many of them indicate that if business is reduced, it will probably not be the licensee who will suffer but the financier who takes the lion's share of the profits. The licensees may well have to take a more active part in the operation of the stalls—perhaps even to the extent of operating it themselves—and this will not be a bad thing.

To begin with, the public who patronize the stalls may well protest at the loss of a service. But if the demand persists and, for example, if it becomes clear that the cooked food stalls outside a large factory cannot cater for all the workers, it is not thought that the opportunity for opening up a thriving restaurant will be missed for long. To encourage more cheap restaurants—where food is much cleaner and safer—it is necessary for the Council to follow a stable policy on cooked

food stalls which compete with them. If people believe that the Council will allow almost indefinite expansion of cooked food stall businesses, there will be little incentive to invest in small restaurants and cafes. The Council has already taken the view that in Resettlement Estates this sort of catering establishment should be accommodated in the estate buildings and not in the streets. An adaptation of this policy in the rest of the urban area will make the operation of cafes and cheap restaurants more attractive. There can be no argument but that establishments in permanent buildings are much more hygienic. In order to bring about control, it is proposed that cooked food stall licensees be given a period to get their stalls in order. Much propaganda and personal contact is necessary during the period of grace and, at the end of it, firm action by prosecution and licence suspension. The removal of the restriction on operating hours in 1952 to cater for the stalls serving night workers has led to the development of the night club type of cooked food stall which is patronized by a wealthy clientele in the small hours. These stalls do best business if alcoholic liquors are made available—and this is against the law. The re-imposition of a closing time is recommended: not 11 p.m. as before but 2 a.m. which is the time that premises licensed for the sale of liquor must close. A few innocent revellers may be done out of a good spot for a late supper. Apart from this the only class to suffer will be the petty criminals who prefer these street restaurants, with their many ways of escape, for their dealings. To cater for the few stalls serving late night workers, it is proposed that when a good case has been made out an endorsement be made on the licence to allow late night business.

Specialists and Fixed Pitches—In the section dealing with hawkers near markets it was proposed that the stalls of fixed pitch and stallholder licenses should be removed far enough to leave the field free for pedlars in bazaars. In the specialist areas the reverse is the case. There are not very many pedlars who attempt to compete with the stalls in specialist streets, but the exclusion of these pedlars will make it much easier to get the stalls themselves under control. With the pedlars clear, a uniform standard for the stalls must be set. There are at present two types of licences. Fixed pitch hawkers are allowed a small trestle table 3'×4' and stall licences allow a more substantial stall 6'×3'. The stall licences are few and only serve as a rather better excuse for building a house than a fixed pitch licence. The licensees trade in exactly the same commodities as the fixed pitch hawkers. The first proposal is that the distinction between these two types should be progressively abandoned in favour of a uniform stall like the present statutory fixed pitch stall.

The design of the stall at present sanctioned by the Council is satisfactory for small traders and this is what hawkers should be. In order to get the licensees to conform to the law, it is proposed that an inspection system for stalls similar to that for rickshaws, tricycles and lorries should be introduced. The system would be that new licensees would be required to produce a stall of the right sort, painted the right colour and on the right site as part of the necessary preliminaries for starting business. Old licensees could also be brought into line by giving notice that the stall had to be produced by a certain date. In order to ensure strict conformity thereafter, it is proposed that each stall should have an inspection card and be inspected regularly. The sanction against deviations would be punishment in a Magistrates Court or suspension or cancellation of licences. The exclusion of pedlar hawkers from stall streets will greatly enhance the value of the stall licence, and the real threat of suspension of licence will serve to ensure compliance with the law. At night all goods must be removed and the stall left bare. This measure, designed to allow street cleaning, will also serve to limit the scale of business. In some places, it may be desirable to insist on the complete removal of the stall at night.

Scale of Business—Those who have been working with hawkers will appreciate that these proposals will involve a reduction in the scale of business that some hawkers can do. The reduction in scale is essential if the conception of hawkers as an asset to the community is to be retained. Once the scale behind counters in recesses. It is also necessary to say that as

(Continued on page 96)

CATHAY PACIFIC AIRWAYS—AN EXPANDING AIRLINE

In June a brand new DC-6B joined Cathay Pacific's fleet and with the arrival of this new aircraft CPA has stepped-up their present availability by 40%.

The new schedule includes a daily service between Hongkong and Singapore by fast comfortable DC-6 and DC-6B aircraft, daily flights to Bangkok and four flights weekly to Manila. This frequent and reliable service will be a great benefit to Far East travellers.

Cathay Pacific also inaugurated a new direct service to Labuan and a new service to Kuching by DC-4 Skymaster. At the same time there was an increase to two flights weekly to Kuala Lumpur, the fast growing capital of Malaya. The DC-3 now in operation to Vientiane will be replaced by a DC-4 and, subject to Government approval, the service will be extended to Bangkok.

But all this is only a preview of 1959, for in April, next year, Cathay Pacific fly their first service by Lockheed "Propjet Electra". This aircraft is the very latest in propjet development and with Electras in service C.P.A. will be operating schedules as intensive as any regional airline in the world, with equipment more up to date than most.

During its 12 years history C.P.A. has been expanding steadily, as passenger-mileage for the last four years indicates:

1954	—	21,012,000	passenger-miles.
1955	—	34,897,000	" "
1956	—	47,438,000	" "
1957	—	49,970,000	" "

This has been largely due to the fine reputation Cathay Pacific Airways have built up for the regularity of its services and accurate schedule keeping. In consequence it shares to a very large degree in the international carriage of passengers, who are transferred from the large trunk line operators.

Some Particulars of the Company are:

Total route network: 9,665 miles.

Total distance flown (1957):

(a) scheduled: 1,642,117 miles.

(b) non-scheduled: 106,182 miles.

Total revenue passenger-miles (1957): 49,970,541.

Total freight carried (1957): 741,159 ton miles.

Total mail carried (1957): 350,487 ton miles.

Total revenue hours flown (1957):

(a) scheduled: 7,804.

(b) non-scheduled: 663.

Cathay Pacific Airways has been operating flights to most of the major cities in S.E. Asia since its earliest years, but on July 12th 1957 a weekly service to Phnom-Penh was inaugurated, to be followed on August 11th by a weekly flight to Kuala Lumpur & Singapore via Saigon, and on December 5th by a weekly flight to Vientiane, capital of Laos.

Cathay Pacific's New Schedules from July 7th will be:—

CATHAY PACIFIC AIRWAYS, LIMITED

Timetable

Hongkong/Manila		Hongkong/Bangkok				Hongkong/Singapore				Routing		H.K./Kuala Lumpur		H.K./Saigon		H.K./Rangoon/Calcutta		H.K./Vientiane		H.K./Labuan/Kuching		H.K./Phnom-Penh	
1.2.4.5.		1.2.3.4.5.6.7.				1.2.3.4.5.6.7.				Day of Flight		1.4.	4.	4.7.	5.	1.	6.	1.	2.	1.	2.	1.	2.
DC6/DC6B	DC6/6B	DC6	DC4	DC6/6B	DC6	DC6B	DC6	Aircraft	Type	DC6B	DC6	DC6B	DC4	DC4	DC4	DC4	DC4	DC3					
1.4.5.	2.	2.3.5.6.	1.	4.7.	2.3.5.6.	7.	4.	1.	Day of Flight	4.	1.	—	—	—	—	—	—	—	—	—	—	—	
1830	1855	1430	1100	0800	1430	1830	1300	1100	Dep. HONGKONG	1300	1100	1300	0800	1100	0900	1000	1415						
									Arr. PHNOM PENH														
									Arr. LABUAN								1340						
									Dep. LABUAN								1415						
									Arr. KUCHING								1645						
									Arr. VIENTIANE								1405						
									Dep. VIENTIANE								1405						
									Arr. BANGKOK	1325	1325						1115						
									Dep. BANGKOK	1400	1400						1150						
									Arr. RANGOON			1320					1320						
									Dep. RANGOON			1355					1355						
									Arr. CALCUTTA			1605					1605						
									Arr. SAIGON	1440	1440						1440						
									Dep. SAIGON	1515	1515						1515						
									Arr. KUALA			1440					1440						
									Dep. KUALA	1825	1825	1720					1720						
									LUMPUR	1825	1720						1720						
									Arr. MANILA														
									Arr. SINGAPORE														
2015	2040	2140	2310	1945	1840														

Day 1 = Monday
Day 2 = Tuesday

Day 3 = Wednesday
Day 4 = Thursday

Day 5 = Friday
Day 6 = Saturday

Day 7 = Sunday

Lockheed's "Propjet Electra"

Looking a little further ahead, in April 1959 CPA will launch its first service by Lockheed Electra. These are the fastest propjet aircraft in the world and have already been ordered by over 12 different airlines, including Eastern Airlines, American Airlines, National Airlines, Braniff, Western, KLM, Aeronaves (of Mexico), Pacific South-West, Garuda, Qantas and Cathay Pacific. The US Navy have selected the Electra for anti-submarine work and their estimated order is between 100 and 250 aircraft. This will probably be the first time that the US Navy have ordered a civilian aircraft for operations work. Electras will go into service in the USA for the first time in September 1958. Cathay Pacific will obtain delivery of their first aircraft in March 1959. The Electra is an

80-seater aircraft, powered by 3,750 h.p. Allison engines with a top speed of 478 mph and a cruising speed of 403 mph. During its recent tests it reached 31,000 ft., 1,000 ft., above its design maximum and exceeded its gross take-off weight of 113,000 lbs. With its 200 to 2,700 mile range and its all weather radar it is perfectly designed for the short to medium routes that CPA operates.

When the Electra goes into service, CPA will be reducing flight times in the area as follows:

H.K./Singapore	4.35 hrs. compared to the present	6.10 hrs.
H.K./Bangkok	3.07 hrs.	— do — 4.25 hrs.
H.K./Manila	2.06 hrs.	— do — 2.55 hrs.
H.K./Saigon	2.48 hrs.	— do — 3.45 hrs.

HONGKONG NOTES AND REPORTS

Building Development—The old York and King's Buildings have disappeared. Site formation for the first half of the new Union Building will soon begin. The remaining portion of the Hongkong Hotel Building is fast being torn down while demolition of the old Shell House is already half through. The Queen's Theatre building will also be levelled soon to make room for a \$5-million, 15-storey building. The new building will have shopping arcades and will house the new Queen's Theatre and the Savoy Lounge. There will also be a large number of offices to let. The new Chartered Bank Building, stretching from Queen's Road to Des Voeux Road, is nearing completion while the last section of the Government Offices at the corner of Ice House Street and Queen's Road is approaching its final stage of construction. The new Tak Hing Building in Des Voeux Road is going up slowly but steadily and the Ta Cheong House on the waterfront is already several floors higher than the Fung House on its left. A number of small structures in the Central District are also nearing completion. These new office buildings will provide more than a million square feet of floor space in this district.

Hundreds of tall residential blocks are still under construction on both sides of the Harbour in spite of the decline in real estate speculation. Leading investment companies however no longer scoop each other with new projects; most of them are anxious to complete buildings now under construction and sell the flats as soon as possible. To promote advance sales of flats, most companies offer easy instalment payment in addition to discounts. One company last week advertised that buyers for its \$10,500 flats have only to pay \$1,050 on signing of the contract plus the following instalments: \$210 per month during the construction period of 6 months plus \$945 on completion of the building and \$315 per month for 23 months after occupation of the flat which will have a floor space of about 800 square feet. Indications are that more investment and construction companies will offer similar payment terms even after the completion of the building because buyers are now reluctant to book a flat in advance.

Heat Wave and Water Supply—As the temperature rose to over 93 degrees last week, the Colony's water supply was reduced from 10 to 5 hours per day. The zoning system of supplying water—whereby half the community receives water in the morning and the other half in the evening—was reintroduced. The Water Authority announced that on account of the steady loss in storage in the reservoirs and the lack of rain, existing supplies had to be conserved as much as possible. Even if the rains do come, much more than normal yield will be required to fill the reservoirs before the advent of the dry winter season. The situation would have been much worse if we had not the new reservoir at Tai Lam. On the other hand if we had cut the daily supply hours from 10 to 8 a little earlier, the storage situation would be much better than 3,000 million gallons at present in the reservoirs; daily consumption is now about 30 million gallons.

Hongkong must have more reservoirs to meet the demand of an ever increasing population. According to a firm of consulting engineers which is studying the construction of a large reservoir at She Pile on Lantao, the proposition is a practical one. This new reservoir, when constructed, will be of about the same size as Tai Lam with a storage capacity of some 4,500 million gallons. However, it will take years to complete the project and will cost a considerable sum of taxpayers' money.

Public Works—The Star Ferry concourse at Tsimshatsui, Kowloon, is being resurfaced. The project, including the erection of concrete bus bays and passenger waiting platforms, is expected to be completed by the end of September. Beginning July 14th, the west arm of the ferry pier will be closed and the east arm brought into use to permit the completion of the covered way for the entire length of the pier frontage.

More than 800 families of rank and file members of the Hongkong Police Force are to be accommodated in new quarters to be built in the Shamshuiipo district of Kowloon. The building project is the largest so far undertaken to provide quarters for members of the Force and their families. Plans provide for the construction of five blocks of buildings, each eleven storeys high on a site at the junction of Cheung Sha Wan Road and Tonkin Street. Also included in the scheme is provision for

a 24-classroom school and a medical clinic. The new school will provide places for about 1,000 pupils.

A five-storey primary school, with 24 classrooms accommodating 1,080 pupils in one session, is to be built by Government in the Kun Tong area, on the eastern shores of Kowloon Bay. The new school will be built on a site a little to the south of Ngau Tau Kok Village on the seaward side of the existing road to Kun Tong. Construction work is expected to begin towards the latter part of this year and the new school should be ready for use a year later. It will occupy an area of about 24,000 square feet. Besides the 24 classrooms, there will be three rooms for the training of pupils in handicraft and other practical work.

Four two-storey resettlement blocks in the Shek Kip Mei resettlement estate are to be demolished shortly and the site cleared for the construction of a Government primary school. These temporary buildings were built early in 1954 following the disastrous squatter fire at Shek Kip Mei the previous Christmas night. The new school to be erected on the cleared site will be five storeys high. Accommodating 1,080 pupils in each of two daily sessions, the school will have 24 classrooms and three practical rooms.

Nine resettlement blocks, each seven storeys high, will be built in the Jordan Valley at Ngau Chi Wan, Kowloon. They will have nearly 3,000 domestic units for about 16,500 people. A five-storey flatted factory, containing 275 working units each occupying an area of 200 square feet, will also be built on the site. Site formation is at present in progress in the Jordan Valley. This consists of terracing and cutting away the hillsides and filling in the lowlying centre of the valley itself. When this work is completed, towards the end of this year, actual construction work will begin.

(Continued on page 95)

FINANCE & COMMERCE

RUMANIA'S ECONOMIC RELATIONS WITH THE FAR EAST

In the past Rumania's trade relations with the countries of East Asia were confined to a few countries. The goods exchanges were sporadic and accounted for a negligible percentage of Rumania's foreign trade. In 1938 for instance Rumanian trade relations with China were limited to imports which rose to only 0.003% of the total volume of Rumanian imports that year; exports were non-existent. After World War II the new political conditions created in the world gave a powerful impetus to the struggle for national liberation and led to the independence of Asian states. In the majority of the independent Asian states efforts are being made to organize the economy on planned bases. This development drive involves considerable efforts on the part of the Asian countries, implying at the same time the cooperation of countries with a powerful industry and with great experience in the domain of economic upbuilding. The evolution of economic relations in recent years has shown that exchanges with Socialist countries of Europe meet the most urgent needs of some Asian countries.

Rumania is among the countries whose economic exchanges with East Asian countries have marked a promising development in recent years. From 1953 to 1957 Rumanian exchanges

with the Chinese trebled. The volume of exchanges provided for under the 1957 Rumanian-Vietnamese agreement is four times that of 1956. In 1957 Rumanian exports to India were 13 times greater than in 1954, and imports from that country surpassed those of 1957 by approximately 12 times the 1955 volume. So far Rumania has concluded trade agreements — some of which were followed by payments agreements — with the United Arab Republic, Lebanon, India, Burma, Ceylon, Indonesia, the Chinese P.R., the Vietnamese D.R., the D.P.R. of Korea and Israel. These agreements have created the conditions necessary for developing a constant exchange of goods and the quality of Rumanian commodities has gained recognition on world markets. Rumania has exported large quantities of cement to Kuwait, Pakistan, India and Indonesia; industrial equipment to India, Burma, the Vietnamese D.R., the Chinese P.R. and the D.P.R. of Korea; chemicals and drugs to the United Arab Republic, Lebanon, Israel, the Chinese P.R., India and Vietnam; timber to the United Arab Republic, Lebanon and Israel; windowglass to Iraq, Indonesia, and Malaya etc. In exchange for these commodities Rumania has imported from Asian countries specific commodities such as: pepper, coffee and tea from India, the Chinese P.R. and Indonesia; edible oil from India, the United Arab Republic and Lebanon; cotton yarns from the United Arab Republic, the Chinese P.R. and India; tin from Indonesia and the Chinese P.R.; rice from Burma, Vietnam, the Chinese P.R. and the United Arab Republic; rubber, jute and raw hides from the Chinese P.R., etc.

At the end of 1957 total Rumanian trade exchanges with the countries of Asia were twenty times the 1950 volume. This rapid development of commercial exchanges between Rumania and the Asian countries proves that Rumania's economy is in a position to assist these countries in their efforts to modernize their economy. Rumania boasts a powerful industry capable to meet the various demands for industrial equipment as regards both quantity and quality. One of the most flourishing branches of Rumanian industry is the oil-field equipment industry. Rumanian made oil-field equipment has aroused interest in the markets of Asia, being at the same time highly appreciated by specialists of countries with a long standing experience in this field. As most Asian countries possess oil deposits, they will find in Rumania a supplier of high quality oil-field equipment such as complete drilling rigs, aggregates for drilling outfits, Rotary tables, various types of pumps, etc. Furthermore the exporters can send highly qualified specialists to assemble and put into operation the oil field equipment supplied. The products of Rumania's farming machinery industry have met with similar success in the Eastern markets. Rumanian made tractors have everywhere made a favourable impression owing to their tractive power, wear resistance and high manoeuvrability.

The great constructions to be executed under the development plans of the Asian countries in industry, or to enlarge the irrigation system, require building materials in excess of their present output. Rumania is in a position to supply a wide range of cements well-known and appreciated in Near- and Far-East markets. And as in the majority of the Asian countries conditions are favourable for the setting up of a national cement industry, Rumania is ready to supply complete cement mills, moreover offering the services of Rumanian specialists to assemble them. Various other equipment and outfits can also be purchased in Rumania on advantageous conditions, including electric motors and electro-technical products, transformers, compressors, thermo-electric power stations as well as steam locomotives for standard and narrow-gauge networks, railway cars and trucks, fishing vessels, tug-boats, cargo-boats, oil tankers, etc. The range of products offered by the chemical industry is comprehensive. Among them quality carbon black, chloro-sodic products, abrasives, organic dyestuffs, drugs. Rumania is also exporter of paper, windowglass, glassware generally, electro-technical apparatus, household utensils, timber and wooden products. Rumania is not only an advantageous source to import from, but also a good outlet for their own products. Rumania makes a market for such commodities as: chromium ores, non-ferrous metals,

raw cotton, cotton yarns, hides, asbestos, rubber, spices, rice, citrus fruit, edible oil, etc. Rumania's commercial policy makes it its aim to widen and strengthen trade relations with all countries irrespective of their social-economic regime.

THAI SHAVING BOARDS

Wood as an organic material has both favourable and unfavourable properties as everybody employed in wood-working industries know. Wood possesses great strength along the grain and hardly swells or shrinks in this direction, whereas it has bad strength properties across the grain and swells or shrinks even after careful seasoning due to fluctuation in the humidity of the air. The swelling and shrinkage of the wood has caused joiners much trouble at all times. Joiners should be out of all these trouble when using Shaving Boards of the Behr system which apart from a factory in Japan are now being made by a factory in Thailand, located in Sriracha, which is a semi-official enterprise controlled by the Thai Crown Property office. The idea of manufacturing a board-like product from small disintegrated wood shavings dates back to the last century. The first efforts to produce such shaving boards were started in Germany after 1943 by Behr. At present 22 Shaving Board Plants in 12 countries are working with the Behr system.

HONGKONG EXCHANGE MARKETS

U. S. \$

July	T.T. High	T.T. Low	Notes High	Notes Low
7	\$580 $\frac{1}{2}$	580 $\frac{1}{2}$	579 $\frac{1}{2}$	578 $\frac{1}{2}$
8	581 $\frac{1}{2}$	580 $\frac{1}{2}$	579 $\frac{1}{2}$	578 $\frac{1}{2}$
9	581 $\frac{1}{2}$	581	579 $\frac{1}{2}$	578 $\frac{1}{2}$
10	581 $\frac{1}{2}$	581 $\frac{1}{2}$	579 $\frac{1}{2}$	579 $\frac{1}{2}$
11	581 $\frac{1}{2}$	581	579 $\frac{1}{2}$	579
12	581 $\frac{1}{2}$	581	579 $\frac{1}{2}$	579

D.D. rates: High 580 $\frac{1}{2}$, Low 579 $\frac{1}{2}$.
Trading totals: T. T. US\$5,150,000; Notes cash US\$670,000, forward US\$2,260,000; D. D. US\$380,000. The market continued very quiet. In the T. T. sector, business was active; an increasing number of local investors are buying US securities. In the Notes market, exchange operators provided strong demand; shipments of notes to US increased. Interest for change over favoured sellers and aggregated 90 HK cents per US\$1,000. Speculative positions averaged US\$1 $\frac{1}{4}$ million per day. The D. D. market was quiet.

Far Eastern Exchange: Highest and lowest rates per foreign currency unit in HK\$: Philippines 1.78—1.7675, Japan 0.014425—0.01435, Malaya 1.88—1.875, South Vietnam 0.07169—0.07142, Laos 0.055, Cambodia 0.082, Thailand 0.2755—0.2747, Indonesia 0.074. Sales: Pesos 240,000, Yen 60 million, Malayan \$250,000, Piastre 9 million, Kip 6 million, Rial 5 million, Baht 3 million, Rupiah 250,000. The market was quiet; transactions were mostly arranged direct between importers and exporters.

Chinese Exchange: People's Yuan notes dipped to \$0.70—0.60 per Yuan with more sellers than buyers. This heavy discount, calculated at about one

third of its official value, was due to the difficulty in carrying cash Yuan notes to the Mainland. Taiwan Dollar notes quoted \$0.141—0.1405 per Dollar; remittances, 0.134—0.1325.

Bank Notes: Highest and lowest rates per foreign currency units in HK\$: England 16.09—16.04, Scotland 14.00, Ireland 13.50, Australia 12.64—12.56, New Zealand 14.15, Egypt 10.05, East Africa 15.00, South Africa 15.65—15.60, West Africa 13.00, Jamaica 13.50, Gibraltar 13.50, Malta 12.50, Cyprus 12.50, Fiji 10.00, India 1.1773, Pakistan 0.82, Ceylon 0.92—0.915, Burma 0.52, Malaya 1.854—1.842, Canada 6.00—5.9575, Cuba 5.00, Argentina 0.125, Brazil 0.052, Peru 0.24, Mexico 0.40, Philippines 1.825—1.8175, Switzerland 1.33, West Germany 1.36, Italy 0.00915—0.00905, Belgium 0.104, Sweden 1.02, Norway 0.72, Denmark 0.77, Netherlands 1.45, France 0.01265—0.0126, South Vietnam 0.077—0.074, Laos 0.055—0.0545, Cambodia 0.08275—0.0805, New Guinea 1.00, Indonesia 0.0745—0.072, Thailand 0.2685—0.267, Macao 1.00—0.995, Japan 0.01445—0.0144.

Gold Market

July	High .945	Low .945	Macao .99
7	\$252 $\frac{1}{4}$	251 $\frac{1}{4}$	
8	252 $\frac{1}{4}$	251 $\frac{1}{4}$	
9	252 $\frac{1}{4}$	251 $\frac{1}{4}$	262 $\frac{1}{4}$ High
10	252 $\frac{1}{4}$	251 $\frac{1}{4}$	
11	252 $\frac{1}{4}$	252	
12	252 $\frac{1}{4}$	252	Low 261 $\frac{1}{4}$

Opening and closing prices were both at 252; highest and lowest, 252 $\frac{1}{4}$ and 251 $\frac{1}{4}$. The market was very quiet and fluctuations small. Interest favoured sellers and aggregated 10 HK cents per 10 taels of .945 fine. Trading averaged 4,200 taels per day and amounted to 25,200 taels for the week, in which 9,540 taels were cash dealings (1,340 taels listed and 8,200 taels arranged). Positions taken by speculators averaged 4,800 taels per day. Imports from Macao amounted to 7,000 taels. Exports totalled 6,000 taels (5,000 taels to Singapore and 1,000 taels to India). Differences paid for local and Macao .99 fine were HK\$12.20—11.90 and 11.50—

In Germany 38 factories of different system produced 230,000 tons of shaving boards in 1956.

For the manufacture of shaving boards, the wood is mechanically reduced to long thin shavings, thereby the great longitudinal tensile strength of the fibres is retained to the full extent. After mixing with synthetic resin, water repellent and anti-termite chemicals the shavings will be formed under high pressure and heat into boards. These boards are virtually swell and shrink-free along and across the grain. The stiffness of this new material is excellent even when exposed to damp air over a long period. The screw-holding properties correspond to those of softwood. The bending strength is greater than required, it is approximately 150-200 kg./sq. cm. The specific weight is 580-650 kg./cu. m., lies between that of soft and hard wood. The board may be sawn, cut, planed, punched, ground and joined with screws by using common tools. High quality veneering wood may be applied on it. They have an extremely wide range of application in the manufacture of furniture, vehicle bodies, shipbuilding and interior decoration. The size of the boards is 125 x 250 cm, the thickness from 6 mm—25 mm. They are well protected against water and termites. They are not waste product or substitute, but represent a major advancement in the wood working field. The production of shaving boards started recently in Thailand.

11.20 respectively per tael of .945 fine. Cross rates were US\$38.02—38.01 per fine ounce; 16,000 fine ounces were contracted at 38.02 cif Macao. US double eagle old and new coins quoted at \$269 and 234 respectively per coin, English Sovereigns \$59 per coin, and Mexican gold coins \$275 per coin. Local goldsmith shops reported very quiet business recently; a large number of Chinese have abandoned the habit of hoarding gold and wearing gold ornaments. Silver Market: 500 taels of bar silver traded at \$5.50 per tael, and 800 dollar coins at \$3.55 per coin. Twenty-cent silver coins quoted 2.70 per five coins. The market was quiet with weak local demand and sluggish exports.

HONGKONG SHARE MARKET

The market last week was steady but the volume of business curtailed after a short-lived boom of several weeks. Light scale profit-taking depressed prices of most popular shares but the drops were only fractional. On the other hand, Hongkong Banks gained \$5 during the week after the announcement of an interim dividend of \$1/2 $\frac{1}{6}$ per share for 1958 which is slightly better than that for the previous year. Hotels first eased from \$22.10 to \$22 but recovered towards weekend; closing rate at \$22.30 was 20¢ better than that for the previous week. Amal Rubbers retained very keen interest throughout the week; about 127,000 shares were transacted while prices improved steadily from \$1.575 to \$1.65.

Closing rates for Union Insurances, Yangtze Investments, Lights and Cements were also fractionally higher than those for the previous week. Turnover on Monday amounted to \$527,000, Tuesday \$946,000, Wednesday \$611,000, Thursday \$314,000 and on Friday \$856,000. The undertone at the close was steady.

Dividends—The HK and Shanghai Banking Corporation's interim dividend for the current year is \$1/2 $\frac{1}{6}$ per share. HK and FE Investment Company's dividend is 80 cents per share for the financial year ended June 1958.

Share	July 4	Highest	Last Week's Rate	Closing	Up & Down	Dividend	Estimated Yield (%)
		\$790	\$795	\$790	\$795	+\$5	\$45
HK Bank	790	76.50	75.50b	75.50b	+50c	\$3.40	4.50
Unions Ins	75b	—	—	29n	quiet	\$2	6.90
Lombard	29n	—	—	29n	quiet	\$2	6.90
Wheelock	6.15	6.20	6.15	6.15	steady	75c	12.20
Yangtsze	5.85	6s	5.90m	5.90	+5c	65c	11.02
Allied Inv	4.65s	4.60s	4.575s	4.575s	-7½c	25c	5.46
HK & FE Inv	10.60s	—	—	10.60n	quiet	80c	7.55
HK Wharf	103s	103s	100	100	-3s	\$9	9.00
HK Dock	42.50	42.25	41.75b	41.75b	-75c	\$2	4.79
Provident	12.40s	12.40	12.30	12.40s	steady	\$1	8.07
HK Land	33.25	33.25	32.75	33	-25c	\$2.40	7.27
HK Realty	1.70b	1.75s	1.675b	1.675b	-2½c	15c	8.96
Hotel	22.10	22.30	22	22.30	+20c	\$1.50	6.73
Star Ferry	114b	113b	112b	112b	-\$2	\$9	8.04
Yaumati	98	98.50s	97b	98	steady	\$7.50	7.65
Trams	26.90	26.90	26.80	26.90	steady	\$1.90	7.06
Light	18.10	18.20	18	18.20	+10c	\$1.10	6.04
Electric	28.30	28.30	28	28.10	-20c	\$1.90	6.76
Telephone	26.60	26.70	26.10	26.50	-10c	\$1.50	5.66
Cement	23.20	23.30	23.10	23.30	+10c	\$3	12.88
Dairy Farm	17.60	17.60	17.40	17.60	steady	\$1.80	10.23
Watson	11.40	11.30	11.20	11.30	-10c	\$1	8.85
Amal Rubber	1.575	1.65	1.575	1.65	+7½c	20c	12.12
Textile	4.10m	4.15s	4.10n	4.125s	steady	60c	14.55
Nanyang	7.70n	7.80s	7.70n	7.80s	steady	\$1.10	14.10

HONGKONG STOCK EXCHANGE IN JUNE

Greater activity was evident in the share market during June and useful gains registered in most counters. Various suggestions are advanced for the increased interest in shares, among them being a decline in general trade, less activity in the property market and lowering the rate of overdraft interest. It is some time since such widespread gains were registered and higher prices still could result should credit restrictions be relaxed.

Banks and Insurances: While there was a falling off in the demand for Hongkong Banks, prices showed an appreciable improvement. More deals in Unions were reported at higher levels.

Investment Companies: Demand for shares in this section was maintained with Yangtszes displacing Allied Investors as leaders. Buyers were compelled to increase their bids to conclude sales.

Shipping: Wheclocks were again active at prices fractionally higher than those ruling last month. Small parcels of Union Waterboats changed hands at improved rates. **Docks & Wharves:** China Providents led in active trading followed by Hongkong Docks. Less activity was reported in Kowloon Wharf shares. Transactions in this section were reported at higher levels.

Lands & Hotels: Hotels and Realtys maintained their popularity, with trading in Hongkong Lands and Humphreys on a moderate scale. Rates in this group were well maintained and showed fractional gains.

Public Utilities: Trading in this section was brisk at improved rates, HK Trams, China Lights and HK Electrics registered useful gains.

Industries: Cements were again dealt in this section at fractionally higher rates. **Stores:** Dairy Farms and Watsons led in this group in fairly active trading at higher levels.

Miscellaneous: No interest was shown in this section.

Cottons: Both Textiles and Nanyangs reported some activity with no material

changes in rates. **Rubbers:** Amalgamated and Rubber Trusts again led in a moderately active market, both registering higher rates.

Dividend and other announcements were made by Hongkong Realty & Trust Co., Ltd., Chinese Estates, Ltd., Peak Tramways Co., Ltd., Macao Electric Lighting Co., Ltd., Amoy Canning Corporation Ltd. and Textile Corporation of Hongkong, Ltd.

Business during the month, \$18,044,629. Business in 1957, \$14,761,871. Business during January/June, \$82,607,788. Business in June 1957, \$13,007,662.

BUSINESS DURING THE MONTH

	Qty. of Shares	\$
H.K. Bank	465	
Bank of East Asia	27	
Lombard Insurance	296	
Unions	6,010	
Allied Investors	8,000	
Yangtsze	19,585	
H.K. & Far East Inv.	2,600	
Union Waterboat	2,216	
Asia Navigation	2,600	
Wheclock Marden	87,615	
Wharf Co.	1,290	
C. Provident	47,872	
H.K. Dock	10,275	
H.K. & S. Hotel	132,553	
H.K. Land	41,521	
Shanghai Land	3,400	
Humphreys	12,800	
Realty	416,000	
H.K. Tram	69,573	
Peak Tram (F. Pd.)	1,510	
Star Ferry	24	
Yaumati Ferry	700	
China Light	5,586	
H.K. Electric	80,280	
Macao Electric	58,914	
Telephone	2,000	
Cement	64,814	
Amoy Canning	29,250	
Metal Industries	42	
Dairy Farm	4,100	
Watson	54,925	
Lane Crawford	31,584	
China Emporium	5,150	
Kwong Sang Hong	225	
China Entertainment	4	
Shanghai Gas	500	
Textile	350	
Nanyang Mill	18,750	
Rubber	17,850	
Amalgamated Rubber	268,110	
Ayer Tawah	16,964	
Java-Consolidated	8,271	
Langkat	200	
Rubber Trust	73,666	

HONGKONG TRADE DEVELOPMENT

IMPORTS AND EXPORTS

Imports of foodstuffs and other consumer goods from China, Britain, the United States, Japan and other sources continued heavy during the past fortnight while exports of Hongkong manufactures to UK, US and South East Asia remained active. Reexports of Japanese, British, American and European merchandise to SE Asia, Korea and Taiwan however were quiet without any prospect for improvement in the near future. In the local commodity markets, prices for metals, paper, industrial chemicals and pharmaceuticals were steady on regular local demand and dwindled stock but quotations for cotton yarn, piecegoods, rice, wheat flour, sugar and cement were weak because the supply far exceeded the demand.

Trade with China—Canton, Shanghai and Peking appeared to be buying more essentials from here than during the early part of this year. Buying offers for metals however were mostly too low to interest local dealers and in the case of industrial chemicals, interest was centred on a few items only. There were also enquiries for pharmaceuticals but orders were usually booked with local agents of manufacturers for forward deliveries; quantities involved were small.

Meanwhile, China intensified exports of foodstuffs and light industrial products to the local market providing serious competition for Japanese, Taiwan and local manufactures. Although the shortage of wheat in China forced Peking to buy this item from Canada, Canton recently began to ship wheat flour to HK. China's sugar output at present is far from enough to meet its domestic demand but since last month Canton and Tientsin have been shipping here large quantities of sugar to undersell Taiwan products. Chinese cement is also selling here at a very low price forcing Japanese and local brands to remain at a low level in both local sales and in exports to SE Asia. Indications are that Peking will gradually but steadily ship an ever increasing variety of light industrial products to the local market to feel out and promote consumer demand in SE Asia through HK dealers.

Trade with Japan—Cargo movements between Japan and HK remained active but the volume was curtailed. Imports averaged only about 500 tons per vessel; cotton textiles, sugar, cement, wheat flour, metals, photo supplies and equipment remained the principal items. The decline in reexports to SE Asia discouraged local dealers from booking heavy supplies from Japan.

Exports totalled about 4,000 tons during the fortnight. Principal items included scrap metals, rattan, beans, sesame and other staples. Demand from Japan for scrap metal and produce was retained but interest was centred on a few items only. Enquiries for produce were not very keen.

Trade with UK—Imports of automobiles, factory supplies and consumer goods amounted to about 3,000 tons, much less than the previous fortnight. Exports totalled 6,000 tons consisting chiefly of cotton textiles, gloves, towel, rubber shoes, plastics, torch, ginger, rosin, tea, gallnut and sawn timber. Imports at present are mostly absorbed by local retailers because reexports to China, Taiwan, Korea and SE Asia remained stagnant. Exports of HK products to UK were maintained at steady level but further improvement seemed difficult.

Early in the month, a fresh call for 'definite action' by the Government to limit cotton imports into Britain was made in Manchester by owners of 1,000 weaving mills. Last week, Miss Sheila Ogilvie, Colonial Office labour adviser, arrived here from London to investigate local labour conditions. She will hold discussions with the Governor, Sir Robert Black, labour officials and leaders of both sides of the industries. Miss Ogilvie stated that she would not compare labour conditions in HK with those in UK, because "in every country there are different labour conditions." She is here to find out the best condition people can work under." Her report however will be confidential; on her return to London she will make her report to the Secretary of State for the Colonies, Mr. Alan Lennox-Boyd.

Trade with Europe—Imports of paper, metals, rayon products, cotton and woollen piecegoods, machinery, dairy products, wines, provisions and cosmetics amounted to only about 3,000 tons. Exports of produce and HK manufactures to Europe also declined. Dutch glove manufacturers were complaining that they could not compete with HK and Japanese gloves in Europe on account of the 'cheap labour' here. It seems that European manufacturers have also caught the 'Lancashire fever'.

Trade with US—According to Mr. Bert Prall, a director of the Chicago Association of Commerce and Industry, there are good prospects of selling more HK products in US provided that HK can produce the right kind of goods. He encouraged local manufacturers to participate in next year's (July 2/18) Chicago International Fair. Mr. Philip Au, representative of the fair in HK urged local industrialists and businessmen to take part in the fair. He listed following advantages: (1) Chicago is the capital city of a multi-billion dollar market with a population of some 6.3 million. The fair will bring about 150,000 Midwestern dealers, distributors and purchasing agents. (2) Participants will be able to attend the First World Marketing Conference to be held in Chicago. The Conference is designed to assist exhibitors in the development of market skills. (3) The Fair will also give advice regarding the marketability of merchandise in US. According to Mr. Au, the cost of participation is US\$4 per square foot at a minimum floor space of 100 square feet per unit.

Trade with Thailand—Shipments of foodstuffs, consumer goods and industrial

supplies from here to Thailand slowed down; there were only about 1,000 tons during the fortnight. Purchases made by Bangkok traders from here during the period were limited to small lots of structural steels, base metals, metalware, cotton goods, foodstuffs and sundries. There were also enquiries from Bangkok for Taiwan sugar but the deal was still under negotiation towards last weekend. The strengthening of exchange rates here for Baht did not encourage importers in Thailand to buy more from HK because they were importing direct from Japan, China and other manufacturing countries whenever they could. Towards end of last week Bangkok revealed that US\$2 million would be allocated for essential imports during the second half of 1958. There were however also indications that authorities there might further restrict imports of cotton yarn to protect the cotton industry in Thailand.

Imports of rice, groundnut, pea, timber, cattle, rubber and hide remained active but the volume was also cut; cost of replenishment had advanced.

Trade with Indonesia—Shipments of essential supplies from here to Indonesia totalled only about 500 tons. Purchases made by Indonesian importers from here during the fortnight covered only small lots of grey sheeting, base metals, paper, chemicals and pharmaceuticals. The reduction of freight charges for cargo from here to Indonesian ports failed to stimulate the trade because Djakarta did not have sufficient foreign exchange to finance all its imports. The drop in the value of rupiahs also made purchases from here too expensive.

Trade with Malaya—Malaya and Singapore continued to procure substantial quantities of eggs, garlic, green pea, gypsum, tea, metalware, cotton goods and other consumer items from here because reexports from there to Indonesia were sustained. Prospects however are not very encouraging because the shortage of foreign exchange in Indonesia is already affecting Djakarta's purchases from Malaya and Singapore. Merchants there are already holding several million dollars worth of goods they bought for reexport to Indonesia. Unless the Indonesian Government relaxed control over barter trade with Singapore and Malaya, shipments from here to these two destinations will gradually decline.

Trade with Philippines—Manila importers did not increase purchases from here in spite of the allocation of US\$125 million foreign exchange by authorities there for imports during the third quarter. Exports during the fortnight totalled only about 500 tons consisting chiefly of cotton yarn, foodstuffs and construction materials.

Trade with Korea—Enquiries from Seoul covered only a few items of paper, chemicals, pharmaceuticals and HK manufactures. Most transactions fell through either on account of low buying offers or due to the lack of sufficient spot goods here. Purchases of woollen yarn from here amounted to about 200,000 pounds; shipments will be covered by old licences.

Trade with Taiwan—HK still imported more goods (in tonnage as well as in value) from than exported to Taiwan. Taiwan sugar, camphor products, citronella, feather and live hogs continued to enjoy strong local demand in spite of keen competition from similar goods from the Mainland. Exports of consumer goods and factory supplies to Taiwan however remained quiet; importers in Taipei considered replenishments from here too high on account of the new exchange rates there.

Trade with Burma—The lack of adequate import foreign exchange in Rangoon forced authorities there to cut purchases from various sources. Orders reached here last fortnight covered only small quantities of HK wheat flour, Chinese industrial chemicals and foodstuffs.

Trade with Australia—About 800 tons of cotton textiles, plastics, gloves, vacuum flasks and produce were shipped to Australia. Demand from Australia for HK manufactures remained selective. Orders for produce also dropped probably due to the recently improved direct trade between China and Australia.

Trade with Africa—Exports to East Africa amounted to only about 600 tons last fortnight and consisted chiefly of matches, torch, enamelware, cotton textiles, rayon products, shirts and knit-wears. Authorities there restricted imports financed from self-provided foreign exchange.

Shipments of HK manufactures to South Africa were adversely affected by the increase in import taxes there on a large number of items. New orders covered only small lots of children's wear, cotton goods, shirts, metalware and sundries mostly manufactured here.

Demand from British West Africa improved. Exports amounted to about 3,000 tons consisting mostly of HK metalware, plastics, cotton goods and sundries. Similar exports to French West Africa totalled only about 500 tons.

Trade with North Borneo—Imports of rubber, firewood and timber exceeded 2,000 tons but exports of cement, foodstuffs did not even reach 500 tons. Importers there cut purchases from here because reexports to Philippines and other adjacent markets dwindled.

COMMODITY MARKETS

Produce—Business remained on a restrained scale. Dealers here still could not get adequate supply from the Mainland to meet the demand from Japan, Europe and other buyers. Buying offer in most cases was low while indent from China was high making it impossible for local dealers to close a transaction. Japan enquired for a number of items including sesame, aniseed star and raw silk but interest was not keen. Most importers in Japan appeared to be undecided whether they should still try to obtain supplies direct from China or from other sources. UK and Europe were procuring most of their supplies direct from China; they made only selective purchases from here whenever spot cargo is available and price attractive. The market however was kept

active by local demand for maize, wood-oil, rosin, beans, tea, camphor powder and groundnut. There were also enquiries from Singapore and Malaya for aniseed star, garlic, gypsum, tea; from Ceylon for chilli; from Australia for woodoil; and from India for cassia, realgar and galangal. Quantities involved however were usually too small to stimulate the local market.

Metals—Exports were selective: China was interested in iron pipe, wire rope, copper and brass scraps, steel plate and copper sheets; Laos in pipes; Thailand in copper sheets and structural steels; Indonesia in galvanized iron sheets and Japan in scrap iron. Firm local prices and low buying offers however handicapped transactions in most cases. Consequently, the volume of business was very small. Local demand for structural steels and base metals remained steady but the volume involved was also small. The tone of the market was firm because local stocks were not heavy while replenishment costs remained high.

Paper—Prices for most popular items were weak in the market because HK's No. 1 customer, Korea, bought only small lots of sulphite, tissue, cellophane and glassine. Indonesia was interested in tissue, cellophane, glassine, aluminum foil and cigarette paper in reams but most transactions fell through because buying offers were too low. Steady local demand for various printing, writing and packing paper however kept prices from dipping.

Industrial Chemicals—There were more enquiries than orders from China, Cambodia, Burma, Indonesia, Taiwan and Korea for citric acid, tartaric acid, bronze powder, caustic soda, calcium hypochlorite, shellac, gum arabic and gum copal; buyers seemed to be feeling the market rather than actually buying. Chinese products such as sodium bicarbonate, sodium nitrate, lithopone and iron oxide retained steady local demand but prices were weak on account of heavy supply.

Pharmaceuticals—Exports were very quiet. Korea bought only small lots of dihydrostreptomycin and a few items of fine chemicals while China booked some forward cargo of aspirin powder. Prices were firm in most cases because local stocks were low and replenishment costs high. Local pharmaceutical manufacturers also provided limited demand for PAS, sulfaguanidine, aspirin, saccharine crystal and a few other fine chemicals.

Cotton Yarn—Spot transactions in HK yarn were limited to small lots. The majority of small weavers and knitters here curtailed purchases of cotton yarn on account of the decline in exports of their products. Larger weavers and knitters retained steady demand from UK and other buyers but they usually have their own spinning departments. Imported cotton yarn continued weak due to slow reexports and sluggish local demand. Indian and Japanese brands dipped further under selling pressure and lower indents. Quotations from Karachi were firmer but local prices for Pakistan brands remained weak.

Cotton Piecegoods—HK grey sheeting retained steady demand from UK, Indonesia, Africa and Europe. Orders from these sources however were mostly placed with larger mills here. Reexports and local demand for Japanese and Chinese grey cloth remained sluggish; prices dipped further during the fortnight. Japanese white shirting was kept steady by demand from local shirt makers.

Rice—Heavy stock and slower local sales depressed the market. Imports from Thailand and China were curtailed after heavy shipments last month.

Wheat Flour—The weak market was further depressed by cheap goods from China and low offers from West Germany. Burma bought some HK brands from here but the quantity involved was too small to stimulate the market.

Sugar—Taiwan granulated white sugar continued weak under keen competition from China. Price dips were small however because imports from Taiwan was curtailed. There were also enquiries from Bangkok for 2,000 tons of Taiwan sugar. Chinese sugar retained steady demand from Singapore and Malaya. Japanese and local brands were also marked down under the pressure of the dumping of Chinese products here.

Cement—HK brands retained steady local demand and limited exports to Singapore and Malaya. Chinese cement was further marked down to undersell Japanese products but dealers could not get as much supply from Canton as they wished. Consequently, Japanese products remained steady especially after imports were curtailed during the fortnight.

TRADE DEVELOPMENTS IN JUNE

PART II

Wheat Flour—Export of wheat flour was very quiet; there were only some consignments to Rangoon. Prices for both local and imported brands continued to decline during the month. Supply from Canada, Australia and Japan was far too much. Indications are that prices will remain weak in the local market. China is offering wheat flour to the local market at prices about 30 per cent lower than the cheapest local brand. West Germany may also ship wheat flour to HK in the near future.

Sugar—Singapore and North Borneo bought some Chinese sugar from here but quantities involved were too small to stimulate the sluggish market. Thailand enquired for 3,000 tons of sugar from here but nothing was settled toward end of the month. Imports from Taiwan were not as heavy as during the previous month but indents from Taipei were marked down to meet the competition from Canton and Japanese sugar. HK products were also forced down slightly especially after Cuba resumed shipments to the local market.

Cement—North Borneo bought some Taiwan cement from here. Export was

otherwise quiet. Local demand for HK and imported brands turned slower because construction companies anticipated the wet season ahead. Chinese cement was marked down in sympathy with lower indents from Canton. Japanese brands remained steady on firm replenishment cost; supply from Japan was also curtailed. Towards monthend however Japanese cement declined because the market here was very sluggish. Green Island products were also marked down. Prospects of better demand from SE Asia for HK and imported cement are dull because China and Japan are shipping large consignments direct to countries such as Singapore, Malaya and Ceylon.

HK COMMODITY PRICES PRODUCE

Aniseed Star—Kwangsi, 3rd quality, \$59.50 picul. North Vietnam, new stock, \$58. **Camphor Tablets**—HK, 1/16-oz tablets, \$3 per pound; $\frac{1}{8}$ -oz tab, \$2.90; $\frac{1}{4}$ -oz tab, \$2.85; $\frac{1}{2}$ -oz tab, \$2.80. **Cassia Lignea**—Kwangtung-Kwangsi, forward, 135's per 80-lb bale c & f Pakistan. **Hen Egg Yolk** (powder, spray process)—North China, 5s 6d per lb c & f Canada. **Albumen** (dried)—Tientsin, 7s 10d per lb c & f Europe. **Duck Feather**—China, NN 85%, 3s 2d per lb c & f Europe. **Goose Feather**—HK, GGS 90%, 4s 6d lb c & f Europe. **Dyed Hen Feather**—HK, 10d lb c & f Europe. **Garlic**—Kwangtung, toasted, forward, 1st quality, \$112 quintal; 2nd, \$78.50. **Kwangtung**, un-toasted, forward, 2nd quality, \$76 quintal. **Menthol Crystal**—HK, \$36.50 lb. Taiwan, \$26.50 lb. Shanghai, \$36.50 lb. **Peppermint Oil**—HK, \$14.50 lb. Shanghai, \$22.50 lb. Taiwan, \$12.50 lb. **Realgar**—Hunan, A grade, \$70 picul. **Dried Chilli**—Honan, \$67 c & f Colombo per metric ton. Kweichow, new, small, \$112 per metric ton c & f Colombo. Shensi, new, \$1,150 per metric ton cif Kuching. Lanchow, \$991 per metric ton cif Singapore. **Rosin**—South China, WG grade, \$63/15/0d per metric ton c & f Australia. **Sesame**—Africa, yellowish-white, \$88 picul. Thailand, black, new, \$95. Cambodia, brown, new, forward, \$61.50. **Aniseed Oil**—China, 7s 5d per lb c & f Europe. **Camphor Oil**—Taiwan, \$120 picul. China, white, \$116 picul. **Citronella Oil**—Hainan, forward, \$2.73 per lb. Taiwan, forward, US\$0.58 lb c & f New York. **Cassia Oil**—China, 80/85%, 13s 4d lb c & f Europe. **Woodoil**—China, refined, in drum, per long ton: £125 c & f Australia; £109 c & f Canada; £125 c & f New Zealand. **Gallnut**—China, \$345 per metric ton c & f Europe. **South Korea**, spot, \$310 per picul. **Maize**—Cambodia, yellow, forward, \$22 picul. Thailand, yellow, \$21 picul. **Black Bean**—Kwangsi, small, new, \$42.50 picul. **Broad Bean**—Chekiang, \$44.50 picul. **Green Pea**—Kiangsu, large, \$55 picul. Cambodia, 1st quality, \$64. **Red Bean**—South Vietnam, new, \$34 picul. Kiangsu, \$72. **Bamboo Bean**—Burma, white, \$28 picul. Kweichow, \$24.50. South Vietnam, \$31.50. **Soya Bean**—Dairen, new, spot, \$48.50 picul. **Green Bean**—Hopeh, \$50 picul. Honan, small, \$44. **String Bean**—Burma, large, \$45.20 picul. **Groundnut (shelled)**—Africa,

new, forward, \$67.70 picul. **Groundnut Oil**—Africa, \$132 picul. China, Tsing-tao, new, forward, \$113 picul. Thailand, new, \$151 picul. **Soyabean Oil**—Japan, spot, \$92 picul.

METALS

Mild Steel Angle Bars—Europe, 3/16" x 1 3/4" x 1 3/4", \$47 picul. **M.S. Flat Bars**—Europe, 1/4" x 1" to 2", \$41 picul. HK, 1/8" x 1/2" to 1", \$36 picul; 1/4" x 1/2" to 2", \$35 picul. **M.S. Round Bars**—Europe, 7/8" dia, \$31.50 picul. HK, 7/8" dia, \$33 picul. **M.S. Square Bars**—Europe, 1/2" to 1 1/2", \$42 picul. **M.S. Plate**—Japan, 4' x 8', 1 3/2", \$62 picul; 3/32", \$56; 1/4", \$48; 1/2", \$42.50. **Galvanized Iron Sheets**—UK, 4' x 8', 1/8", 56¢ lb. **Steel Wire Rope**—UK, 24 x 6 x 7, 1 3/4", \$1.65 per lb. HK, 24 x 6 x 720', 1/4", \$1.30 lb; 1 1/2", \$1.15; 2", \$1.02; 2 1/4", 98¢; 2 3/4", 94¢; 3", 90¢. **Tipplate Waste Waste**—Coked: UK, 18" x 24", \$83 per 200-lb case. Electrolytic: US, 18" x 24", 1 ton skid, \$74 per 200 lbs; UK, \$72.50. Misprint: US, 18" x 24" and larger, \$37 picul. **Blackplate Waste Waste**—UK, 18" x 24" and larger, G29/G33, \$43 picul. **Galvanized Iron Sheets**—Japan, 3' x 7', USSC 33, \$4.50 per pc. **Tipplate**—UK, 20" x 28", \$120 per case of 112 sheets with tinlining. **Blackplate**—Japan, 3' x 6', G18, \$60 picul; G26, \$65. **Corrugated Aluminum Sheets**—Japan, 2 1/2" x 7' x G28, \$8.50 per sheet. **Aluminum Sheets**—Japan, 4' x 8', 99.5% alloy, G20, \$1.95 per lb. UK, rolled, 99.5% alloy, 2' width, G22, \$1.95 lb. **Brass Sheets**—UK, 4' x 4', 16/18 lb per sheet, \$260 picul. UK, rolled, 12" width, 9/12 oz per sq ft, \$240 picul. HK, rolled, 12", 10/11 oz per sq ft, \$218. **Black Iron Wire**—Europe, G18/G22, \$41 picul. **Galvanized Iron Wire**—Europe or Japan, G12, \$50.50 picul; G24, \$62. **Black Iron Pipe**—Europe, 1/2" dia, 37¢ per foot; 3/4" dia, 47¢; 1 1/4" dia, 82¢. **Galvanized Iron Pipe**—Europe, 1" dia, 72¢ foot; 1 1/4" dia 94¢; 1 1/2" dia, \$1.20. **Brass Scraps**—Salvaged from engine parts, large and medium size, \$165 picul. **Copper Scraps**—96% mixed, \$160 picul. **Wrought Iron Scraps**—1st choice, \$210 per ton; 2nd, \$115.

PAPER

Newsprint—In reels, 31", 50/52 gr, prices per lb: US, 42¢; Canada, 41 1/2¢; China, 42¢; Japan, 40¢; Norway, 41 1/2¢; Austria, 41 1/2¢ lb. In reams, 31" x 43", 50/52 gr, 48/50-lb ream: Europe, \$22.50 ream; Japan, \$18.50; China, \$18 to \$22. **Art Printing**—One-side coated, 31" x 43", 88/90 gr, 83/85-lb ream: UK, \$95 ream; Japan, \$75. Two-side coated, Japan 95¢ lb. **Bond**—White, with watermark and brand name, 22" x 34", 60 gr, 32-lb ream: Europe, \$31.50 ream; Japan \$23. Coloured: Europe, \$32.50 ream; Japan, \$24. **Woodfree Printing**—Japan, 31" x 43", 60/100 gr, 57/100-lb ream, 68¢ lb. **Manifold**—White, 22" x 34". Europe, 30 gr, 16-lb ream, ivory finish, \$18 ream. China, 28 gr, 15-lb ream, \$12.30 ream. Coloured, Europe, 30 gr, 16-lb ream, \$18.30. China, 30 gr, 15-lb ream, \$13.40. **Poster**—31" x 43", Japan, 58/60 gr, 56/57-lb ream, \$40

ream. China, 17.2 kilo, 36-lb ream, \$17.50 ream; 19.5 kilo, 42-lb ream, \$19.30. **Tissue**—Europe, 17 gr, 13 1/2-lb ream, 25" x 44", \$15.20 ream. **Cellophane**—Colourless, 30 gr, 36" x 39", Japan, \$58.50 ream; France, \$60. Coloured, Japan and Europe, \$86 ream. **M.G. Cap**—China, 13.8 kilo, 31" x 43", \$15 ream; 22 gr, 17 1/2-lb ream, 25" x 44", \$7.50. **M.G. Pure White Sulphite**—Europe, 50/90 gr, 60/199-lb ream, 35" x 47", 68¢ lb. **M.G. White Sulphite**—Europe, 40 gr, 47-lb ream, 35" x 47", \$28.50 ream. **M.G. Pure Ribbed Kraft**—Japan, 38/39 gr, 45/46-lb ream, 35" x 47", \$28.50 ream; 60/100 gr, 58/120-lb ream, 64¢ lb. **M.G. Ribbed Kraft**—Europe, 60/150 gr, 70/160-lb ream, 35" x 47", 69¢ lb. China, 48-lb ream, \$23.70 ream. **Unglazed Kraft**—Europe, 50/120 gr, 70/140-lb ream, 35" x 47", 67¢ lb. China, 40/80-lb ream, 48¢ lb. **Strawboard**—Japan, 26" x 31", 8/16 oz, \$460 per ton. China, 8/16 oz, \$420 ton; 20/32 oz, \$500.

PHARMACEUTICALS

Penicillin Oral Tablets—UK, expiration date, 1961, 61¢ per carton of 12 tablets each of 50,000 units. **Procaine Penicillin-G** in oil with aluminum monostearate, 300,000 units per cc—UK, 1960, \$1.40 per vial of 10 cc. US, 1962, \$2.25 vial of 10 cc. **Dihydrostreptomycin**—UK, 1962, 69¢ per vial of 1 gram. **Sulfadiazine Powder**—Australia, \$21 lb. UK, \$21. **Sulfaguanidine Powder**—UK, \$7.80 lb. West Germany, \$7.20. **Sulfamerazine Powder**—West Germany, \$17.50 lb. **Quinine Ethylcarbonate**—Netherlands, \$2.92 per carton of 1 oz. **Aspirin Powder**—Australia, \$2.90 lb. France, \$2.85. **Gum Acacia**—UK, grade 2, \$2.45 lb. **Mercurochrome Crystal**—UK, \$32 per 500-gm bottle. **Phenacetin Powder**—UK, \$4.90 lb. West Germany, \$4.75. Italy, \$4.65. **Vitamin B1 Powder**—Europe, \$190 per tin of 1 kilo.

INDUSTRIAL CHEMICALS

Acetic Acid—Glacial, 99/100%, Germany, 77¢ lb. Japan, 72¢. **Citric Acid**—Europe, granular, \$1.78 lb; UK, \$1.80. **Sulphuric Acid**—HK, 13¢ lb. **Ammonium Chloride**—UK, \$675 per ton. **Bicarbonate of Soda**—Refined, China, \$21 per 50-kilo bag. UK, \$46.50 per 100-kilo bag. **Bleaching Powder**—UK, 35%, \$38 per 50-kilo drum. **Bronze Powder**—Germany, \$3.55 per lb. **Calcium Hypochlorite**—Japan, 60%, 54 1/2¢ lb. **Caustic Soda**—China, \$105 per 200-kilo drum. UK, \$187 per 340-kilo drum. **Gum Arabic**—Sudan, \$1 lb. **Gum Copal**—Malaya, No. 1, \$210 per picul. **Gum Damar**—Malaya, No. 1, \$265 picul. **Hypoosulphite of Soda**—UK, 33¢ lb. **Lead Oxide**—Australia, \$105 picul. **Lithopone**—30%, China, 29¢ lb. Europe, 35¢. **Petrolatum**—US, amber, 38¢ lb. US, white, 64¢ lb. **Potassium Nitrate**—China, \$54 picul. Germany, \$56. **Silicate of Soda**—China, 37¢ lb. **Shellac**—Indian, No. 1, \$215 picul. **Soda Ash**—China, \$23.50 per 75-kilo bag. UK, \$37.70 per 100-kilo bag of dense quality and \$30.50 per 70-kilo bag, light. **Sodium Nitrate**—China, \$25 picul. Germany, \$26.50 picul. **Sodium Sulphide**—China, \$600 per ton.

Ultramarine Blue—Europe, \$87 picul. **Zinc Oxide**—China, 99%, 61¢ lb. Germany, 68¢ lb.

COTTON YARN

Hongkong Brands—10 counts, \$750 to \$900 per bale; 12's, \$920 bale; 20's, \$850 to \$1,010; 30's, \$1,250; 32's, \$1,240 to \$1,270; 40's, \$1,350 to \$1,460; 42's, \$1,550. **Japanese Brands**—32's, \$1,175 to \$1,190; 40's, \$1,280 to \$1,320; 42's, \$1,380 to \$1,420. **Indian Brands**—10's, \$710 to \$740; 20's, \$820 to \$960; 32's, \$1,080. **Pakistan Brands**—10', \$700 to \$780; 21's, \$880 to \$960; 32's, \$1,210 to \$1,240. **Chinese Brands**—20's, \$910; 32's, \$1,155; 40's, \$1,250.

COTTON PIECEGOODS

Grey Cloth—Chinese brands, 36" x 40 yds, \$32 pc. HK brands, 36" x 40 yds, forward, \$36.50 to \$38.50 pc. Indian brands, 35" x 40 yds, \$21 to \$22.50 pc. Japanese brands, 38" x 40 1/2 yds, \$25.30 pc. **White Cloth**—Japanese brands, No. 16000, \$40 pc; No. 10000, \$39.20; No. 17000, \$37. **White Shirting**—Japanese brands, 36", \$1.20 to \$1.45 per yard.

RICE

White Rice, Whole 100%—Thailand: 1st grade, \$58.80 picul; 2nd, \$57.10. **White Rice**—Thailand: 30%, new crop, 1st, \$51.80 picul; 15%, new, 1st, \$50.50; 3 quarter, \$49. Cambodia: 1st quality, \$50.80 picul; 2nd, \$48. Burma, \$43 picul. China: Canton, 1st, \$54.30; Canton, 2nd, \$52.00. **Broken Rice**—Thailand: A1 special, new, \$42.30; A1 ordinary, \$40.70; C1 special, new, \$33.60; C2, \$32.70. Cambodia: \$32.80. **Glutinous Rice**—Thailand: special, \$48.20 picul. Thailand: broken, \$34.10 picul.

WHEAT FLOUR

Australian Brands—\$12.40 to \$13.80 per 50-lb bag. **American Brands**—\$24 per 100-lb bag and \$13.50 to \$14.30 per 50-lb bag. **Canadian Brands**—\$31.50 per 100-lb bag and \$15.30 to \$16.30 per 50-lb bag. **Japanese Brands**—\$11.40 to \$12.50 per 50-lb bag. **HK Brands**—\$11.70 to \$15.50 per 50-lb bag and \$32.80 per 150-lb bag.

SUGAR

Granulated White Sugar—Taiwan, refined, No. 24, \$41.10 picul. Canton, \$36.80. Taikoo, fine, \$40.40. Japan, fine, \$41.20 picul. **Granulated Brown Sugar**—Taiwan, refined, No. 18, \$34.50 picul. Taikoo, \$32.10. Cuba, \$33.50. Africa, 1st, \$35.20.

CEMENT

Ordinary Cement—Hongkong brands: **Emeralcrete**, rapid hardening, \$6.80 per 112-lb bag; **Emerald**, \$5.80 per 112-lb bag and \$5.30 per 100-lb bag. Japanese brands: \$5.35 per 100-lb bag. Chinese brands: 45-kilo bags, forward, \$105 per metric ton cif HK ex-ship. Taiwan brands: forward, \$87 per metric ton fob Taiwan. **White Cement**—HK, **Snowcrete**, \$72 per 375-lb drum and \$16 per 1-cwt bag. Japan, \$14.30 per 1-cwt bag.

(End)

HONGKONG'S TRADING PARTNERS IN 1957

PART IV

FIJI

DIVISION	IMPORTS	EXPORTS
	H.K.\$	H.K.\$
Meat and meat preparations ..	—	12,135
Dairy products, eggs and honey	—	324
Fish and fish preparations ..	4,750	58,173
Cereals and cereal preparations	—	43,384
Fruits and vegetables ..	—	78,787
Sugar and sugar preparations ..	—	1,414
Coffee, tea, cocoa, spices and manufactures thereof ..	—	11,714
Miscellaneous food preparations	—	37,311
Beverages ..	—	4,652
Oil-seeds, oil nuts and oil kernels	—	2,403
Animal & vegetable crude materials, inedible, n.e.s. ..	69,740	39,558
Animal and vegetable oils (not essential oils), fats, greases and derivatives ..	—	32,585
Chemical elements and compounds ..	—	11,015
Medicinal and pharmaceutical products ..	—	21,903
Essential oils and perfume materials; toilet, polishing and cleansing preparations ..	—	57,301
Explosives and miscellaneous chemical materials and products ..	—	10,092
Wood and cork manufactures (excluding furniture) ..	—	9,489
Paper, paperboard and manufactures thereof ..	—	6,685
Textile yarn, fabrics, made-up articles and related products ..	—	164,996
Non-metallic mineral manufactures, n.e.s. ..	—	34,898
Silver, platinum, gems and jewellery ..	—	2,924
Manufactures of metals ..	—	116,221
Machinery other than electric ..	—	68,620
Electric machinery, apparatus and appliances ..	—	10,099
Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings ..	—	50,745
Furniture and fixtures ..	—	26,985
Travel goods, handbags and similar articles ..	—	57,184
Clothing ..	—	1,615,031
Footwear ..	—	254,747
Professional, scientific and controlling instruments; photographic & optical goods; watches & clocks ..	945	32,489
Miscellaneous manufactured articles, n.e.s. ..	24,372	161,356
Total ..	99,807	3,035,220

DIVISION

DIVISION	IMPORTS	EXPORTS
	H.K.\$	H.K.\$
Coffee, tea, cocoa, spices and manufactures thereof ..	—	259,900
Feeding stuffs for animals (not including unmilled cereals) ..	13,333	—
Miscellaneous food preparations ..	—	99,523
Beverages ..	—	40,451
Hides, skins and fur skins, undressed ..	750	—
Oil-seeds, oil nuts and oil kernels ..	—	218,887
Wood, lumber and cork ..	—	231,186
Textile fibres and waste ..	—	775
Crude fertilizers and crude minerals, excluding coal, petroleum and precious stones ..	—	2,976
Metallicferous ores and metal scrap ..	720,916	25,440
Animal & vegetable crude materials, inedible, n.e.s. ..	54,406	600,718
Animal and vegetable oils (not essential oils), fats, greases and derivatives ..	28,000	917,857
Chemical elements and compounds ..	—	167,897
Dyeing, tanning and colouring materials ..	13,670	795
Medicinal and pharmaceutical products ..	—	472,041
Essential oils and perfume materials; toilet, polishing and cleansing preparations ..	32,000	57,305
Explosives and miscellaneous chemical materials and products ..	18,118	249,454
Leather, leather manufactures, n.e.s. & dressed furs ..	7,523	7,184
Rubber manufactures, n.e.s. ..	—	69,179
Wood and cork manufactures (excluding furniture) ..	—	92,104
Paper, paperboard and manufactures thereof ..	—	41,981
Textile yarn, fabrics, made-up articles and related products ..	—	3,855,518
Non-metallic mineral manufactures, n.e.s. ..	—	405,315
Silver, platinum, gems and jewellery ..	—	193,086
Base metals ..	786,091	1,792
Manufactures of metals ..	—	259,241
Machinery other than electric ..	7,448	105,015
Electric machinery, apparatus and appliances ..	—	136,951
Transport equipment ..	12,123	34,500
Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings ..	—	798,708
Furniture and fixtures ..	—	530,718
Travel goods, handbags and similar articles ..	—	582,363
Clothing ..	—	4,481,149
Footwear ..	—	413,370
Professional, scientific and controlling instruments; photographic & optical goods; watches & clocks ..	46,836	126,090
Miscellaneous manufactured articles, n.e.s. ..	—	1,540,311
Live animals, not for food ..	—	3,648
Total ..	4,312,463	17,790,156

NEW ZEALAND

DIVISION	IMPORTS	EXPORTS
	H.K.\$	H.K.\$
Meat and meat preparations ..	1,446,680	2,055
Dairy products, eggs and honey	809,256	1,105
Fish and fish preparations ..	2,139	210,654
Cereals and cereal preparations	13,752	147,786
Fruits and vegetables ..	145,922	399,879
Sugar and sugar preparations ..	153,000	5,249

OCEANIA, BRITISH, N.E.S.

DIVISION		
	IMPORTS	
	H.K.\$	
Meat and meat preparations ..	—	2,476
Dairy products, eggs and honey ..	—	1,606
Fish and fish preparations ..	—	9,387
Cereals and cereal preparations ..	51,772	63,284
Fruits and vegetables ..	18,335	58
Sugar and sugar preparations ..	—	—
Coffee, tea, cocoa, spices and manufactures thereof ..	—	267
Miscellaneous food preparations ..	—	12,080
Tobacco and tobacco manufactures ..	—	2,124
Oil-seeds, oil nuts and oil kernels ..	—	3,906
Wood, lumber and cork ..	—	36,816
Pulp and waste paper ..	—	347
Textile fibres and waste ..	—	734
Crude fertilizers and crude minerals, excluding coal, petroleum and precious stones ..	—	95
Metaliferous ores and metal scrap ..	364,000	—
Animal & vegetable crude materials, inedible, n.e.s. ..	974,393	1,377
Mineral fuels, lubricants and related materials ..	—	216
Animal and vegetable oils (not essential oils), fats, greases and derivatives ..	—	6,715
Chemical elements and compounds ..	—	8,713
Dyeing, tanning and colouring materials ..	—	500
Medicinal and pharmaceutical products ..	—	1,657
Essential oils and perfume materials; toilet, polishing and cleansing preparations ..	—	46,231
Explosives and miscellaneous chemical materials and products ..	—	72,411
Rubber manufactures, n.e.s. ..	—	530
Wood and cork manufactures (excluding furniture) ..	—	13,349
Paper, paperboard and manufactures thereof ..	—	6,325
Textile yarn, fabrics, made-up articles and related products ..	—	668,838
Non-metallic mineral manufactures, n.e.s. ..	—	120,411
Silver, platinum, gems and jewellery ..	—	440
Base, metals ..	—	8,990
Manufactures of metals ..	—	212,496
Machinery other than electric ..	—	42,606
Electric machinery, apparatus and appliances ..	—	18,953
Transport equipment ..	—	55,458
Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings ..	—	20,451
Furniture and fixtures ..	—	115,840
Travel goods, handbags and similar articles ..	—	93,771
Clothing ..	—	412,031
Footwear ..	—	50,560
Professional, scientific and controlling instruments; photographic & optical goods; watches & clocks ..	—	1,481
Miscellaneous manufactured articles, n.e.s. ..	15,401	64,590
Total ..	1,405,566	2,196,455

BRITISH COMMONWEALTH, N.E.S.

DIVISION		
	IMPORTS	
	H.K.\$	
Meat and meat preparations ..	—	275
Fish and fish preparations ..	6,063	196
Cereals and cereal preparations ..	—	4,032
Fruits and vegetables ..	610	1,412
Sugar and sugar preparations ..	—	3,836
Miscellaneous food preparations ..	—	1,067
Animal & vegetable crude materials, inedible, n.e.s. ..	216,765	120
Essential oils and perfume materials; toilet, polishing and cleansing preparations ..	—	2,167
Explosives and miscellaneous chemical materials and products ..	—	8,193
Wood and cork manufactures (excluding furniture) ..	—	279
Textile yarn, fabrics; made-up articles and related products ..	—	59,887
Non-metallic mineral manufactures, n.e.s. ..	—	13,845
Silver, platinum, gems and jewellery ..	—	3,566
Base metals ..	—	150
Manufactures of metals ..	—	42,986
Machinery other than electric ..	—	1,980
Electric machinery, apparatus and appliances ..	—	164
Transport equipment ..	—	708
Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings ..	—	11,252
Furniture and fixtures ..	—	1,712
Travel goods, handbags and similar articles ..	—	7,428
Clothing ..	—	40,655
Footwear ..	—	18,037
Professional, scientific and controlling instruments; photographic & optical goods; watches & clocks ..	—	268
Miscellaneous manufactured articles, n.e.s. ..	—	36,054
Total ..	223,438	260,269
BELGIAN CONGO		
DIVISION	IMPORTS	
	H.K.\$	
Fish and fish preparations ..	—	500
Textile fibres and waste ..	239,979	—
Animal & vegetable crude materials, inedible, n.e.s. ..	86,310	—
Essential oils and perfume materials; toilet, polishing and cleansing preparations ..	—	7,242
Rubber manufactures, n.e.s. ..	—	1,307
Wood and cork manufactures (excluding furniture) ..	—	15,308
Paper, paperboard and manufactures thereof ..	—	10,148
Textile yarn, fabrics, made-up articles and related products ..	—	351,466
Non-metallic mineral manufactures, n.e.s. ..	—	279,270
Silver, platinum, gems and jewellery ..	—	40,045
Base metals ..	—	138,889
Manufactures of metals ..	—	4,938,315
Electric machinery, apparatus and appliances ..	—	218,415
Prefabricated buildings; sanitary, plumbing, heating & lighting fixtures & fittings ..	—	575,563
Furniture and fixtures ..	—	254,157

DIVISION	IMPORTS	EXPORTS	DIVISION	IMPORTS	EXPORTS
	H.K.\$	H.K.\$		H.K.\$	H.K.\$
Travel goods, handbags and similar articles	—	604,502	Manufactures of metals	3,615	631,514
Clothing	—	4,807,782	Electric machinery, apparatus and appliances	—	161,469
Footwear	—	493,468	Prefabricated buildings; sanitary plumbing, heating & lighting fixtures & fittings	—	201,674
Professional, scientific and controlling instruments; photographic & optical goods; watches & clocks	—	25,805	Furniture and fixtures	—	4,130
Miscellaneous manufactured articles, n.e.s.	—	867,803	Travel goods, handbags and similar articles	—	97,192
Total	326,289	13,629,987	Clothing	—	168,377
			Footwear	—	700,099
			Miscellaneous manufactured articles, n.e.s.	—	82,339

EGYPT

DIVISION	IMPORTS	EXPORTS	Total	
	H.K.\$	H.K.\$		H.K.\$
Cereals and cereal preparations	—	200	18,996	2,322,542
Fruits and vegetables	—	7,604		
Miscellaneous food preparations	—	2,908		
Beverages	—	2,849		
Tobacco and tobacco manufacturers	—	89,645		
Textile fibres and waste	10,506,897	—		
Animal & vegetable crude materials, inedible, n.e.s.	—	42,048		
Essential oils and perfume materials; toilet, polishing and cleansing preparations	—	1,422		
Wood and cork manufactures (excluding furniture)	—	33,069		
Paper, paperboard and manufactures thereof	—	1,000		
Textile yarn, fabrics, made-up articles and related products	—	4,877		
Non-metallic mineral manufacturers, n.e.s.	—	5,007		
Machinery other than electric	—	5,830		
Clothing	—	92,577		
Professional, scientific and controlling instruments; photographic & optical goods; watches & clocks	—	1,319		
Miscellaneous manufactured articles, n.e.s.	—	5,175		
Total	10,506,897	295,530		

NORTH AFRICA, FRENCH

DIVISION	IMPORTS	EXPORTS		
	H.K.\$	H.K.\$		
Fish and fish preparations	11,798	6,860		
Cereals and cereal preparations	—	6,917		
Fruits and vegetables	—	11,919		
Coffee, tea, cocoa, spices and manufactures thereof	—	67,489		
Miscellaneous food preparations	—	745		
Animal & vegetable crude materials, inedible, n.e.s.	—	65,625		
Dyeing, tanning and colouring materials	583	—		
Essential oils and perfume materials; toilet, polishing and cleansing preparations	—	2,593		
Rubber manufactures, n.e.s.	—	5,250		
Wood and cork manufactures (excluding furniture)	3,000	3,000		
Paper, paperboard and manufactures thereof	—	1,009		
Textile yarn, fabrics, made-up articles and related products	—	8,700		
Non-metallic mineral manufacturers, n.e.s.	—	37,440		
Silver, platinum, gems and jewellery	—	58,201		

Hongkong Notes

(Continued from page 86)

Work will begin soon on the construction of a public pier at Three Fathoms Cove (Kei Ling Ha Hoi) to the east of Tolo Harbour in the New Territories. The new pier will be used for the berthing of fishing boats and other craft, including the ferry boats of the Hongkong and Yaumati Ferry Company on the Tolo Channel run. The new pier will be of reinforced concrete, ten feet wide, extending some 120 feet into the sea, and a pier head, also constructed of reinforced concrete, will measure 80 feet long and 30 feet wide.

Mining—There were 25 mining establishments in Hongkong at the end of last month. Production during the first quarter this year included: Feldspar, 543 tons; Graphite, 689 tons; Iron Ore, 25,569 tons; Kaolin, 2,398 tons; Lead Ore, 12.9 tons; Quartz, 940 tons; Wolframite, 6.9 tons. Mining companies at present operating here:—

Person Named as
Lessee or Licensee
Hongkong Mines Ltd.

**Minerals
Concerned**

Lead, Iron, Silver, Gold, Copper, Zinc, Sulphur & Silica
Iron & Wolframite

The New Territories Mining Co., Ltd. (South China Iron Smelters Ltd.—Sub-Lessees, Mutual Trust Co.—Sub-Sub-Lessees).

Yan Hing Mining Co., Ltd. Hongkong Clays & Kaolin Co., Ltd.

Marsman Hongkong China, Ltd.

Kowloon Mining Development Co., Ltd.

Ng Fuk Black Lead Mining Co., Ltd.

Man Kwai Chi

C. M. Castilho

China Mining Development Co., Ltd.

Yuen Siu Kan trading as Wah Sang Mining Co.

G. H. Hsue trading as The Union Mine & Co.

Lam Chung Kwong

Wong Ying

Lee Kee

Kwong Cheung Hing Co.

Sam Yeung Ceramic Material Co.

Lee Jackron & D. M. Law trading as Wah Lee & Co.

Choy Chung Kwai trading as The Wing Sang Mining Co.

Wong Yin Wing

Chan Ah Bing

Mak Sik Kan

Mrs Wong Mei Yau

Fung Shing Hum

Wong Yu Tso trading as Hongkong Mining Products Co.

Wolfram, Molybdenite, etc. China Clay & Kaolin

Wolfram, Molybdenite & Quartz Kaolin

Graphite & Ochre

Graphite & Titanium

Quartz Kaolin

Kaolin

Kaolin & Quartz

Feldspar & Quartz

Quartz & Kaolin

Feldspar & Quartz

Quartz, Kaolin & Feldspar

Quartz

Kaolin, Feldspar & Quartz

Kaolin, Feldspar & Quartz

Kaolin

Kaolin

Feldspar & Quartz

Prospecting

Paper Money (Continued from page 78)

In 1936 small quantities of foreign-printed 10-dollar notes of the Central Bank of China, Shanghai, were found to have been counterfeited. But no new laws were promulgated then.

In August, 1943, it was found that forged \$5, \$10 and \$100 notes of the (puppet) Central Reserve Bank of China, Shanghai, were circulating in large quantities. At that occasion new laws were promulgated by the Government at Nanking, as cabled by Central Press Service, under date of September 9th, 1943. The contents of the telegram were as follows:

"Nanking, September 9 (CPS).—

Capital punishment or life imprisonment, together with a fine not exceeding \$100,000, will be meted out to counterfeitors of legal tender notes, according to a decision passed by the 26th meeting of the Supreme National Council.

To those who buy, sell or ship forged notes for the purpose of profiteering, life imprisonment or a prison term of not less than five years, together with a fine not exceeding \$30,000, will be meted out.

Three years imprisonment will be meted out to those who offer their premises to counterfeitors to print their notes, it was added.

These regulations became effective from the date of promulgation."

LAWS AGAINST COUNTERFEITING OUTER MONGOLIAN BANKNOTES

When Outer Mongolia, under Soviet tutelage, became an independent Republic in 1924 by unilateral procedure, China refused to recognize the independence of Outer Mongolia. For this reason the following Regulations appertaining to Outer

Mongolian paper money are recorded here.

The Peoples Republic of Outer Mongolia prescribed penalties for counterfeiting of State coins and banknotes, issued after December 9, 1924. At that time Outer Mongolia still was under Chinese suzerainty, at least nominally. The Commercial and Industrial Bank of Mongolia, the initial government bank, was the first institution circulating its notes as of December, 1924. The wording of the anti-counterfeiting law is:

"(1) Whoever counterfeits any of the Mongolian coins and banknotes of the Commercial and Industrial Bank of Mongolia shall be liable to imprisonment for a period of not less than eight years, and confiscation of property. Whoever utters any counterfeit coins or banknotes with the object of taking profits, shall be liable to the same punishment.

(2) Whoever prepares or keeps any instruments and materials with the intent to counterfeit any coins as indicated in Article (1), shall be liable to punishment according to Article (1).

(3) Persons guilty with the object of instigating distrust amongst the population towards Mongolian coins shall be punished with imprisonment for a period of not less than two years.

(4) Persons guilty of refusing to accept the Mongolian coins and the banknotes of the Commercial and Industrial Bank of Mongolia shall be liable to punishment with imprisonment for a period of not less than one year.

(5) Whoever, knowing that the coin he received is a counterfeit, one nevertheless utters same, or intends to utter same, or delivers it to any person, shall be punished with a fine to be determined at the discretion of the Court."

(End)

Developments in Singapore (Continued from page 80)**Tourist Developments**

Mr. Robert Howlett, who till recently was a popular official of the Fiji Tourist Bureau, has come to Singapore to join government service as its first Director of Tourism. He inherits the work which has been developed by the Public Relations Office (now the Department of Information Services) over the past 8 years, and in the Ministry of Commerce and Industry which has created his post and assured the funds for his work; he will work in close co-operation with the active and enthusiastic Tourist Advisory Board under the Chairmanship of Mr. A. D. C. Erskine Crum, the B.O.A.C. representative in Singapore. Further developments of the tourist trade have been the opening of the Japanese Air Line Service to Tokyo, the opening of a new office by Pan American Airways by the Minister of Communications and Works who took the opportunity to remind Singapore "at the most dramatic and crucial point of its life, both in time and geography that "Singapore has been created because of the help she can give to others and when she ceases to be useful to her neighbours, she will cease to exist as a great commercial centre".

Hawkers In Hongkong (Continued from page 84)

The reduction in scale is essential if the conception of hawkers as an asset to the community is to be retained. It is also necessary to say that as street sleepers are prevented from erecting dwellings in back streets, hawkers a *fortiori* cannot be allowed to live in huts in busy areas.

Wall Stalls—There is another way of operating as a hawker which has increased since the introduction of the Business Registration Tax. In places where a blank wall of a building fronts onto a busy street, enterprising men have rented this surface from the landlord of the building. In consideration of the rent the landlord allows his "tenant" to nail on shelves and display cabinets and even affix a cockloft over the shelves where he can sleep. To get an official document the trader then simply buys a Business Registration Certificate and, in some cases, gets it at a reduced fee. He then has a respectable looking shop on the public pavement and frightens off any inquiring official by producing his Business Registration Certificate.

It has been found in Court that these men who are trading in a public place are just as much hawkers as a man trading from two baskets in the same place. Most of these stalls force pedestrians off the pavements onto the road and should go. Some could possibly be allowed to stay where they do not obstruct the pavement and a special licence will have to be devised for them. Since their operation also needs the agreement of the owner of the wall to which they affix their shelves, it is proposed that any hawkers who might get this new licence would be licensed only when they could satisfy the Council that they had the landlord's agreement.

Regional Conference (Continued from page 70)

Secretariat-General is, in addition to providing all necessary secretarial services, mainly responsible for the execution of the decisions and instructions of the Executive Council and for the co-ordination of the various Technical Services of the Organization, including (a) the Research, Documentation and Diffusion Service; (b) the Training Service; and (c) the Conference and Assembly Service. At the end of each year, the Secretariat-General is required to submit to the Executive Council for approval a detailed report on the activities of the Organization, a work plan for the coming year, and a proposed budget for the next fiscal year.

The Constitution of the Eastern Regional Organization for Public Administration will come into force when a majority of the States represented at the Regional Conference agree to become members, and all the other States which were invited but not represented at the Conference will be asked to become members of the Organization. It is to be hoped that all the States and governments of this region will come to look upon the new Organization as a channel for the exchange of ideas, information and experiences in matters of public administration.